

# The NATIONAL UNDERWRITER

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A liberal agency con-  
tract.

A plan for financing  
your agency.

A liberal financ-  
ing plan for your  
agents.

Unusually effec-  
tive selling equip-  
ment.

## Why the MINNESOTA MUTUAL?



### Here are 10 GOOD REASONS

Organized  
Selling Plan.

Policies for every  
purpose: Regular  
—Family—Juve-  
nile—Women—  
Group — Payroll  
Savings, etc.

Low monthly  
premiums.

Accounting methods  
to guide you.

Proven plans for find-  
ing — training agents.

A \$225,000,000.00 Mutual Company, 59 years old  
with an understanding, cooperative Home Office.

**THE MINNESOTA MUTUAL LIFE INSURANCE COMPANY**  
Saint Paul, Minnesota



## If you had a Million

WE ALL LIKE to dream about what we'd do if we had a million dollars.

But suppose you really *had* a million dollars. How would you safeguard it, over the years, for yourself and your family to enjoy?

In short, knowing that there is no such thing as an absolutely "riskless" investment, how would you invest this million dollars with safety to provide a satisfactory return?

We think you'd try to do just what a life insurance company does. Among other things, you'd try to follow, as far as possible, the wise principle of diversification. You'd "put your eggs in many baskets."

Unfortunately, even with a million "eggs," the chances are you couldn't follow this principle far enough—nor would you find it easy to investigate properly the many relatively small investments you would have to make.

But a life insurance company like Metropolitan, holding many millions of dollars for the benefit of its policyholders, *can*, and *does*, do everything pos-

sible to help safeguard its investments . . .

To begin with, in selecting the avenues of investment which lie open to it within the limits established by law, Metropolitan compiles a mass of financial and economic information...then weighs it, thoroughly. The placing of every dollar is carefully checked by a staff of investment specialists, each an expert in his particular field. And each investment, after it has been added to Metropolitan's portfolio, is subject to constant study and analysis.

Because the interest this money earns has a very direct bearing on the cost of life insurance to the policyholders, it is important not only that these funds be invested conservatively, but also that they bring in a reasonable interest income...thus holding down the cost of insurance.

Finally, with so many dollars to invest, the company can take full advantage of the safety that lies in diversification. Thus, the dollars which Metropolitan invests are spread over many different types of sound investments, and in practically every section of the country.

At the end of 1938, Metropolitan held more than 100,000 carefully selected, diversified investments . . . reassuring evidence that the company makes every effort to achieve maximum safety for the funds it invests for the benefit of its policyholders and their beneficiaries.

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This is Number 16 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of preceding advertisements will be mailed upon request.

### Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

Frederick H. Ecker, CHAIRMAN OF THE BOARD  
Leroy A. Lincoln, PRESIDENT

1 MADISON AVENUE, NEW YORK, N.Y.



THIS IS THE SIXTEENTH in Metropolitan's series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. It appears in: Collier's, Aug. 5; Saturday Evening Post, Aug. 5;

Business Week, Aug. 5; Time, Aug. 7; American Weekly, Aug. 6; This Week, Aug. 13; Forbes, Aug. 1; United States News, Aug. 7; Cosmopolitan, September; Nation's Business, August; Fortune, August.

Forty-third Year—No. 32

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, FRIDAY, AUGUST 11, 1939

\$3.00 Per Year, 15 Cents a Copy

## TNEC to Resume Life Insurance Hearings Aug. 21

Will Take Up Industrial  
Business and Some  
Phases of Investments

WASHINGTON, D. C.—The temporary national economic committee, it is understood, is planning to get the life insurance hearings under way again Aug. 21, although in order to meet the convenience of members and witnesses it may be necessary to delay resumption to Aug. 28. The committee is anxious to resume hearings without waiting till after Labor Day.

### Subcommittee Is in Charge

Hearings will be before a subcommittee. Thus, only the subcommittee chairman need be present, but he must be a congressional member of the committee and not one of the members representing the administrative departments of the government. However, any of these or their alternates or any congressional member may be on hand.

One difficulty has been in selecting a subcommittee chairman. Chairman O'Mahoney of the TNEC is in Wyoming and two other congressional members are abroad. Appointment of a subcommittee chairman will be announced shortly. It is expected subjects to be taken up will include industrial insurance and some phases of investments, it is reported.

## 1-2-0 and 2-5-0 Clubs Hold Annual Rallies

An unusually large number of agents of the Continental Assurance qualified for the "2-5-0" and "1-2-0" clubs this year, and will attend the clubs' conventions next week. The "2-5-0" club will leave Chicago Aug. 13 for a nine-day pleasure trip to the Pacific Coast, with visits to Catalina Island, the San Francisco fair and other points. Returning to Chicago Aug. 22, the party will go to Lake Wawasee, Ind., to join the "1-2-0" club in two-day sales congress at Spink-Wawasee Hotel, Aug. 23-24.

Maurice C. Chier, Milwaukee, was leading agent and was elected honorary president of the "2-5-0" Club.

Accompanying the party to the Pacific Coast from the office will be Roy Tuchbreiter, vice-president; W. E. White, vice-president and director of agencies; Dr. H. W. Dingman, vice-president and medical director; Marshall B. Simms, assistant superintendent of agencies; Frank Stumb, manager group sales department; Henry Lustgarten, Chicago branch office; R. H. Ladley, manager, Pittsburgh branch, and F. Y. Snell, manager Grand Rapids, Mich., branch.

## Bailey Case Decision Ignored by Federal Judge

NEW YORK—Disregarding the U. S. court of claims decision in the Bailey case, which held that life insurance above \$40,000 is taxable unless actually taken out by the beneficiary, Federal Judge Coxe here has held that the government has no right to levy an estate tax on proceeds where a decedent had no incidents of ownership at the time of death. Insurance involved was on the late F. F. Dryden, former president of Prudential.

Judge Coxe held that neither the \$50,000 policy nor the \$6,517 representing additional insurance bought by dividends is taxable. There was a mortuary dividend but the plaintiff conceded this to be taxable. The \$40,000 exemption had been claimed on other policies.

### Life Underwriters Intervene

The National Association of Life Underwriters, which intervened in the case through Albert Hirst, New York City insurance attorney, has issued a statement that "it is hoped that any such tendency (toward cashing in policies and taking new insurance applied for by beneficiaries) if it exists, will be stopped by the decision of Judge Coxe and that the underwriting fraternity, the legal profession, and the public will leave all insurance arrangements undisturbed until the question has been definitely disposed of."

The statement calls attention to the serious consequences of the Bailey case decision, observing that it is contrary to treasury department regulations issued ever since 1930 and to innumerable decisions of the board of tax appeals and the courts, including the U. S. Supreme Court.

### Contends Insurance Testimentary

Taxes were imposed under sections 301 (2) and 302 (G) of the revenue act of 1926, which levy a tax on all net estates and provide that gross estates shall include all insurance payable to the estate and all above \$40,000 payable to a named beneficiary.

"The government makes no contention that any interest passed to the ben-

eficiary of the policy as a result of the death of the decedent," Judge Coxe's decision reads.

"It rather takes the position that section 302 (G) required the inclusion of the proceeds of the policy in the gross estate even though no legal incidents of ownership were retained by the decedent. It seeks to justify this construction of the section on the theory that life insurance is testamentary in character and when taken out by the decedent upon his own life may be regarded as a substitute for a testamentary disposition.

"I do not think that any such construction of section 302 (G) as urged by the government is at all tenable. Section 301 (A) imposes a tax upon the interest which ceased by reason of death. Edwards vs. Slocum, 264 U. S. 61, 63; Young Men's Christian Association vs. Davis, 264 U. S. 47, 50.

"The two sections must be read together. Reinecke vs. Northern Trust Co., 278 U. S. 339. When so read, they limit the application of section 302 (G) to policies in which there is some shifting of the decedent's interest as a result of death. Chase National Bank vs. United States, 278 U. S. 327; Helvering vs. St. Louis Trust Co., 296 U. S. 39; Bingham vs. United States, 296 U. S. 211.

### Incidents Not Retained

"In the present case, there is no contention that any legal incidents of ownership were retained by the decedent. Neither is it urged that any interest passed to the beneficiary of the policy as a result of the decedent's death. I am satisfied, therefore, that section 302 (G) does not require that the proceeds of the policy be included in the gross estate of the decedent.

"The government insists that section 301 (G) was designed to prevent tax evasion, and that no shifting of interest is needed to sustain it on that ground. The analogy is to the tax on transfers in contemplation of death, which was upheld in Millikan v. United States, 283

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## Liberal Survivor Benefits Provided

Under the amended social security act liberal monthly survivor benefits are provided widows who have dependent children or who are over age 65, minor children and parents over 65 (in case there is no widow or children). Widows who qualify get 75 percent of the husband's wage credit while children and parents get 50 percent. The following chart gives illustrations of the benefits paid:

Years of coverage:	Average monthly wage of deceased, \$50		Average monthly wage of deceased, \$100		Average monthly wage of deceased, \$250	
	Dependent child or parent 65 or over	Widow, 65 or over	Dependent child or parent 65 or over	Widow, 65 and one child	Dependent child or parent 65 or over	Widow, 65 and one child
3.....	\$10.30	\$15.45	\$25.75	\$12.88	\$19.31	\$32.19
5.....	10.50	15.75	26.25	13.13	19.69	32.81
10.....	11.00	16.50	27.50	13.75	20.63	34.38
20.....	12.00	18.00	30.00	15.00	22.50	37.50
30.....	13.00	19.50	32.50	16.25	24.38	40.63
40.....	14.00	21.00	35.00	17.50	26.25	43.75
Average monthly wage of deceased, \$150						
3.....	\$15.45	\$23.18	\$38.63	\$20.60	\$30.90	\$51.50
5.....	15.75	23.63	39.38	21.00	31.50	52.50
10.....	16.50	24.75	41.25	22.00	33.00	55.00
20.....	18.00	27.00	45.00	24.00	36.00	60.00
30.....	19.50	29.25	48.75	26.00	39.00	65.00
40.....	21.00	31.50	52.50	28.00	42.00	70.00

## Action by Congress on Social Security Setup Is Studied

Survivorship Annuities  
Substituted for Lump  
Sum Death Claims

NEW YORK—Congress's substitution of survivorship annuities for the lump sum death benefits contained in the present social security set-up will make a considerable change in the selling and programming of life insurance. However, those who have been following the legislation closely believe that the changes, which will take effect Jan. 1, 1940, will not do the business any harm and may do some good.

From a strictly competitive standpoint, the new scheme will provide overnight each of many millions of Americans the equivalent of a good many thousands of dollars of life insurance. Theoretically this cuts into the market for new life insurance and makes people less interested in hanging on to what they now have.

### Effect on Public

Hope of eventual benefit to the business is based on a belief that the new plan will spotlight the need for insurance on an income basis in the same way that the government's war risk insurance expanded the public's concept of what constituted a large amount of insurance.

An important angle of the new program is that neither the employee nor his beneficiaries may elect a lump sum instead of the annuity income. Lump sums will be paid at death only where there are no close relatives. Under the present system lump sum death settlements were a competitive threat which promised to grow to serious proportions. Eventually individuals would have built up death benefits greater than the average insurance per capita.

### Offer Less Competition

While the annuity benefits are much more substantial and are equivalent to a much larger amount of insurance than the lump sum benefits which they supersede, they should offer less competition. Most people cannot be persuaded to buy enough insurance to set up anything like an adequate income for their dependents but can more readily be sold on setting up a clean-up fund. Hence, removal of the lump sum feature from the government's program shifts its death benefit from a competitive field to one which is practically noncompetitive as far as most buyers are concerned.

In its otherwise admirable article on the new social security program, "Life" magazine made an important error which greatly exaggerates the competitive possibilities of the government annuity plan. "Life" stated that the (CONTINUED ON PAGE 15)

# Put on Spot, General Agent Licks Recruiting Problem in Thorough Fashion

NEWARK—Recruiting is still as difficult as ever, but the record of J. C. Elliott, Newark general agent Penn Mutual Life, gives an idea of what can be done by a combination of incentive and ability. Mr. Elliott is modest about what he has done, pointing out that he had no alternative to doing an aggressive recruiting job in view of the circumstances under which he took over the agency in July, 1937.

He was immediately faced with a million-dollar loss in production. One of the outstanding supervisors had just left to become general agent for another company and three good producers went with him. Their total production was right at \$1,000,000.

Surveying this situation, Mr. Elliott realized that getting more manpower was his only salvation. He had been second in command for the previous six months and was convinced that the remaining men in the agency were doing a good enough job so that there was no use in seeking the lost potential production by trying to increase the business of existing agents. Going after increased manpower in an aggressive and systematic fashion appeared to be the only answer.

## Has Improved Record of Persistency This Year

Last year 28 men were put under contract. About one-third of these are still on the job. The 1938 persistency record among agents, however, was far better. During the first eight months of that year Mr. Elliott put on 27 men and of these 18 are still under contract.

Getting new agents is no different from getting applicants for life insurance, Mr. Elliott feels. The general agent and supervisor must go out and look for them, just the same as the agent must look for life insurance prospects. Mr. Elliott gets 65 percent of his men through personal contacts with centers of influence, either his own or his supervisors'. Some 33 percent were brought in by men already under contract. Only 2 percent come from employment bureaus.

The main pitfall to look out for, according to Mr. Elliott, is wasting the time of the general agent or supervisor in interviewing prospective agents who are sent in by well meaning persons having little or no idea what qualifications are necessary for success in the life insurance business. This situation may readily develop because letters sent to policyholders or other centers of influence will bring in a steady flow of men. It is not at all difficult, he says, for a general agent or supervisor to waste an inordinate and unprofitable amount of time in interviewing such timber. The odds against finding a winner are enormous and there is always the temptation to take a chance on a man who would not be selected if the field from which to choose were more promising.

## Nominator Should Know Type of Person Sought

This is the reason that it is necessary to talk personally with clients and other persons who might send potential agents. The man who is referring a potential agent to the agency should know clearly and specifically just what sort of man is desired. In this way the general agent and supervisors are saved much time. Letters to policyholders, medical examiners, bankers, and others will bring in about 20 prospective agents for each 100 letters but the time taken in interviewing these men is all out of proportion to the chance of getting a good agent.

The danger is that unless the general agent realizes this situation the amount

of apparent recruiting activity will lead him to believe that some good agents should result. Much time and money have been spent to little use by the time he finally realizes that the recommended men obtained in this way constitute too low a grade of ore to be profitably worked.

Letters, however, can be very helpful. When an agent has been given supervisory duties (though all supervisors are also personal producers) Mr. Elliott writes a letter to such of the new supervisor's clients as the supervisor thinks will be helpful in supplying potential agents. This letter builds up the supervisor in the client's eyes. The letter reads:

## Letter Links Promotion With Value as Adviser

"We have the very pleasant privilege of advising you of the promotion of our mutual friend, Mr. John W. Agent, to the post of field supervisor in the John C. Elliott agency.

"You will, of course, realize that this promotion, which is bound to increase his value to you as your personal life insurance adviser, comes to Mr. Agent not only as a result of his proven ability as an efficient life insurance underwriter, but also because of his ability as a potential builder of men.

"In assuming his new duties for our agency and company, Mr. Agents' principal function is the development of new manpower. We feel that you will be glad to lend Mr. Agent any assistance possible in his search for the proper type of individual to represent our organization in the field.

"Mr. Agent has advised us that he intends to make a call on you in the near future to explain just what sort of man he is after in the hope that you will have someone in mind who will measure up to our specifications.

"Whatever courtesy and cooperation you may extend to Mr. Agent will be deeply appreciated by us."

## System of Cash Awards Gets Men Through Agents

To stimulate agents to suggest possible new men, Mr. Elliott offers cash awards. In 1937 this was a single award to the sponsor of the leading new producer. However, it became apparent that if a recruit taken on in the early part of the year were to make an exceptionally good record, the virtual impossibility of getting a man who would beat him in the reduced amount of time remaining until the end of the year would kill interest in the contest. The contest is now broken up into quarters, with a winner for each quarter. However, one agent might win all four awards by being the sponsor of the four new men who were first among the new men for the quarter during which they came into the business.

One important angle of offering awards for new agents, Mr. Elliott has found, is that it reveals the existing agent's attitude toward the addition of manpower. It often happens that a successful agent is not anxious to bring one of his friends into the business. For one thing, it eliminates a possible prospect for life insurance, but the main objection usually raised is that the new man would be seeing the same prospects and getting names from the same centers of influence. The existence of prizes for new agents reveals the few objectors and gives Mr. Elliott a chance to answer them. The best answer is that the more men representing a company in the community, the better the company becomes known. This helps offset the competition of other companies. As far as competition between the new agent

and the man who sponsored him is concerned, agency esprit de corps and agency ethics prevent competition between two men in the same office. When one man finds that a prospect has been approached by another agent from his office he fades out of the picture. Actually, this is a distinct advantage to both agents who might be competing with each other. The rule of priority means that each agent will see as many prospects as he can in order to have established the contact. Most agents agree that they need this stimulus.

## Conflict Showed Buyer Was the Guilty Person

Mr. Elliott has had only one case where there was a conflict between agents. He and a supervisor acted as arbitrators and it was found that the policyholder was playing one agent against the other and that neither agent had anything to criticize the other for. They finally split the business and everybody was happy.

Despite having taken on 27 men the first of 1938, Mr. Elliott and his supervisors have been extremely selective. There is no selling an agent the life insurance business. Mr. Elliott wants to be sure that no matter what a new agent's experience in the business may be he will have no cause to say, "Why didn't you tell me the whole story?"

There are three things that Mr. Elliott wants to know about every new man: What is your selling experience? What are your contacts? Do you enjoy healthy finances? The applicant must answer two of the three questions definitely favorably or he should not be considered. Mr. Elliott concedes that many of the most successful life insurance men were sold into the business by the enthusiasm of the manager for their qualifications and the manager's optimistic statements. Because they were good men they refused to be licked even though they found the going to be much tougher than they were told it was going to be. However, Mr. Elliott does not like this method of recruiting men and he does everything possible to determine what the new man's chances of success are.

"The business of life insurance selling can be just as scientific as any other," he said. "First, we know it takes six complete interviews to get an application, although a thoroughly qualified man may get an application for every four interviews. When I say interview I mean an opportunity to tell your story from soup to nuts. Second, we know that the new man will probably not be able to make more than three complete interviews a day. Assume he works six days a week. That would be 18 interviews or three applications.

"Life insurance is fundamentally a commission business and if a salary is paid it is predicated on results. The Penn Mutual's experience shows that the average agent gets 40 percent of his first year premium as commission. The average premium per thousand in this agency is about \$28. To be conservative, suppose you say the first year commission is \$10 per \$1,000 of insurance. You can work only about so hard. The money you make, therefore, will depend on the size of your average case.

"If you can tell us who you will sell, we can tell you what they will buy. So you will have to give us a picture of your contacts."

The new man is asked to bring in for his second interview a list of 250 to 300 names of contacts who are not relatives and are not personal friends. He is told that the list will not be taken from him. It is to consist of people with whom he is acquainted, people who, when he calls

on them at their offices or homes would ask him in before they would ask him why he is there. He is told that when he brings the list in 25 to 40 names will be picked at random and he will be quizzed on them as to marital status, number of children, if any, probable average income, what business they are in, and other questions which would quickly show whether the list had been padded.

In this way the agency can get a line on the new man's acquaintances, the type of centers of influence he would have, and consequently what would be approximately his average case. From this his probable first year income can be determined and the man himself can tell if that is the kind of money he can afford to live on his first year.

This, of course, leads right into the question of healthy finances. A man's finances can be healthy, according to Mr. Elliott, even if he hasn't got a dollar, if he doesn't owe anything and if he can be sure that his income will meet his everyday needs. If he owes money, creditors will be hounding him and will get up to 20 percent of his income and the net result will be a mental attitude that is not conducive to success in selling life insurance.

## Uses Analysis Blank of Sales Research Bureau

Mr. Elliott has great faith in the personal history scoring blank put out by the Life Insurance Sales Research Bureau. He scores the blank right in the presence of the agent and tells him frankly that if he does not score either "Excellent" or "Very Good" the job will probably be too tough for him. He prefers not to take men who do not make one of the top two ratings though he has made exceptions. As to these exceptions, he says, "I'm crazy for doing it," though he admits he would probably make similar exceptions in cases that looked especially promising.

Some may wonder why Mr. Elliott places so much stress on previous sales experience. It is because the life insurance business is one where a man must get into production quickly. Many a man who would be a good producer in five years must be turned down because it would be too expensive a process to support him while he would be getting started. Men without sales experience, Mr. Elliott has found, are more likely to fail to appreciate the vital necessity of closing early and often. The non-salesman, for example, may not realize that when a policyholder raises an objection it frequently should not be answered but should be regarded as a signal for an attempt to close.

When Mr. Elliott finds himself getting too enthusiastic about a new man he reminds him that because of deferred commissions on quarterly and semi-annual business, his actual cash commissions may be shockingly small. He tells him of the agent who was the leading new producer of his year, paying for \$227,000 on more than 100 lives. This man had, however, only \$1,706 in cash commissions during his first year although he had been earning \$250 in his old job. His second year he took in \$2,800 which was still a little shy of what he had been earning previously.

One of the most important things about a systematic recruiting program is the momentum that it generates. Once the plan is organized and underway, it becomes a natural function of the agency and no special effort has to be made. Right now, Mr. Elliott's recruiting problem is not getting good potential men but holding down those he takes on to a number that the agency can readily assimilate.

## Million Dollar Group Adds 23 to Its Rolls

**Women's \$250,000 Unit Numbers 45—To Hear John Stevenson at St. Louis**

Twenty-three members have been added to the roster of the 1939 Million Dollar Round Table, bringing the total number to 114. The new group includes seven life and qualifying members, six qualifying and ten life, and the entire group is now composed of 42 qualifying and life, 26 qualifying and 46 life.

Applications are still being received from other million dollar producers and are being reviewed by the executive committee. It is probable that when it meets in connection with the St. Louis convention of the National Association of Life Underwriters, one of the largest groups in its history will have qualified.

New members who have been added since the original list was published last month include:

**Qualifying and Life Members**—Henry W. Hays, Massachusetts Mutual, Rochester, N. Y.; Herman Lasker, Mutual Life, Eau Claire, Wis.; Edwin M. Lillis, Northwestern Mutual, Erie, Pa.; H. Kennedy Nickell, Connecticut General, Chicago; Tom B. Reed, Great Southern, Oklahoma City; H. Ben Ruhl, Massachusetts Mutual, Detroit, and Ron Stever, Equitable Society, Pasadena.

**Qualifying Members**—Robert P. Burroughs, National Life of Vermont, Manchester; E. R. Eckenrode, Penn Mutual, Harrisburg; John J. Kellam, National Life of Vermont, Norwalk, Conn.; William B. Munroe, Union Central, New Orleans; Robert E. Sanders, Business Men's Assurance, San Diego, and Theodore Widing, Provident Mutual, Philadelphia.

**Life Members**—M. Lee Alberts, Equitable Society, Chicago; Louis B. Bloom, Northwestern Mutual, New York; Paul F. Clark, John Hancock Mutual, Boston; Charles E. Cleeton, Occidental Life, Los Angeles; M. J. Donnelly, Equitable Society, New Castle, Pa.; R. W. Dozier, Massachusetts Mutual, Oklahoma City; Leopold V. Freudberg, Massachusetts Mutual, Washington; Albert Hopkins, Penn Mutual, New York; Jack Lauer, independent, Cincinnati; Paul C. Sanborn, Connecticut Mutual, Boston.

### Turner on Nominating Committee

Prewitt B. Turner, Home Life, Kansas City, has been named to fill the vacancy on the committee on nominations of the National Association of Life Underwriters caused by the resignation of Paul Sanborn of Boston. Mr. Turner stood sixth on the balloting for the committee at the midyear meeting of the national council in Louisville March 31.

Forty-five leading women producers have qualified so far this year for the Women's Quarter Million Dollar Round Table, it is announced by the chairman, Helen Summy, Equitable Society, St. Joseph, Mo. This number includes 15 women who will be awarded life membership, signifying three consecutive years of qualification. With other applications for membership still to be passed upon, the round table already has established a new record for qualifications. Forty-three qualified last year and 39 in 1937-38.

A feature of the meeting at St. Louis will be a dinner Sept. 25, at which the speaker will be Dr. John A. Stevenson, president Penn Mutual Life. At this time certificates of life membership will also be awarded.

The round table will also gather for an afternoon session Sept. 25 for a panel discussion. A report of the special com-

## Commission Agents Are Now Exempt

**Social Security Amendment Goes to President Roosevelt for Signature**

Insurance agents or insurance solicitors whose services are compensated solely by commission, are specifically exempted from operation of the unemployment insurance section of the federal social security act under amendments adopted by Congress just before adjournment and sent to President Roosevelt for signature.

The phraseology of the exclusion provision is: "Service performed by an individual for a person as an insurance agent or as an insurance solicitor, if all such service performed by such individual for such person is performed for remuneration solely by way of commission."

The conference committee which considered the amendment struck out the proposed new definition of "employee" under the unemployment insurance section that had been inserted by the house on recommendation of the ways and means committee to enlarge the definition of "employee" under the old age insurance provision so as to include practically everyone selling anything on commission.

This passed the house but the senate finance committee voted to strike out the entire amendment and to continue the old definition of the word "employee" as in the existing act. The senate committee also was responsible for the exclusion of insurance agents or solicitors compensated solely by commissions. The committee's recommendations were passed by the senate unanimously.

The action of Congress benefits all insurance companies, but especially life

**Heads Missouri Reception Group for National Meet**



CHARLES L. SCOTT

C. L. Scott, Kansas City general agent Massachusetts Mutual Life, has been named by President Jess W. Moore, Mutual of New York, Joplin, to head the Missouri Association of Life Underwriters' reception committee at the National association convention in St. Louis in September. Other members of the committee will be presidents of local associations throughout the state, including H. E. Kincaid, Mutual Benefit, president of the Kansas City association.

companies, which were going along subject to varying interpretations on the

(CONTINUED ON LAST PAGE)

## WE SELL LIFE

Not just policies, not just protection, not just retirement incomes. They are only instruments and symbols of what we really do. They assure the accustomed good food—the raiment we like—the education of our youngsters. They foundation our homes. Travel, books, gardens, various entertainments, the modern car, and all the other things which adorn, enrich—the very substance of life,—are supplied. Life that satisfies, life more abundant, is what you of the Field and we of the Home Office give to the People in exchange for their dollars and their trust.

A piece of decorated bond paper has little attraction. An appeal to duty and its attendant sacrifice does not allure. But when the real substance of life itself is pictured and offered, the response is sure and strong. That is commonsense using of effective sales psychology.

\* \* \*

**THE PENN MUTUAL LIFE INSURANCE CO.**

WILLIAM H. KINGSLEY  
Chairman of the Board

JOHN A. STEVENSON  
President

INDEPENDENCE SQUARE, PHILADELPHIA

## Industrial Policy Extended as Result of Texas Decision

**Ordinary Policyholders' Privileges Accorded—Third Year Loan Values**

DALLAS—The Texas supreme court has ruled in an appeal brought by the American National of Galveston that regardless of limitations in an industrial policy, beneficiaries thereunder should be accorded the same privileges accorded buyers of ordinary life. In accord with the decision the Texas board of commissioners has ruled that henceforth all industrial life companies must give third year loan values and that all old policies now in force are construed as though they did provide third-year loan and non-forfeiture values.

The custom for many years has been to grant cash values only after the 10th year, but more recently some companies have been granting cash values after the fifth year. Paid up insurance has been allowed, but not automatic extended insurance or the policy loan privilege.

### Have Ordinary Provisions

The net result of the decision is to make all industrial life policies now in force in Texas and henceforth to be issued, miniature ordinary life policies, instead of distinctive industrial life policies, according to industrial life men here.

The court upheld favorable decisions obtained by Georgia Etta Foster of Wichita Falls in the trial and appellate courts, to the effect that the American National should have paid the face amount of a \$700 policy instead of \$60.65, the amount of paid up insurance provided in the contract.

The policy was issued Nov. 15, 1926 on the life of Willie K. Foster, minor daughter of the claimant, then 12 years old. The weekly premium of 25 cents was paid up to and including Aug. 1, 1932, and the usual four weeks of grace period was provided. The insured, Willie K. Foster, died Aug. 8, 1934, two years and one week after the last premium was paid. After the death Mrs. Foster filed proof of death and demanded payment of the face amount of the policy, \$700, on the representation that the reserve on the policy at the time of the death would have provided extended term insurance for the full amount up to and beyond the time of the death. That the reserve would have bought such extended term insurance was admitted by the company, but the claim was denied because of a policy provision to the effect that "At any time after premiums have been paid hereon for three full years, and while this policy is in force, the company will, upon written application to the home office upon blank furnished by the company, accompanied by this policy and all receipt books, grant the insured a free policy of life insurance, payable at the same time and under the same conditions as this policy, but upon which no further payment of premiums shall be required, in accordance with the following table."

### Contended Requirements Were Met

The company contended that this provision met the requirements of subdivision 7 of Article 4732 of the revised statutes and that Mrs. Foster was entitled to only \$60.65, the amount of paid up insurance for life provided by the above provision. The policy did not contain the extended insurance privi-

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## Iowa Attitude on Farm Holdings Is Set Forth

### Commissioner Doesn't Contemplate Drastic Step, But Wants Liquidation

DES MOINES—The farm holding situation in Iowa, somewhat critical because of conflicting reports, has been clarified to some extent by Commissioner Fischer.

The commissioner, it is disclosed, has not issued any definite orders refusing to grant extensions to companies holding real estate acquired through foreclosures. Under the Iowa law, life companies can hold such properties only five years and fire companies only three.

Mr. Fischer, it is learned, has suggested to these companies, when they ask for extensions, to formulate a program for liquidation of their holdings. At present, however, he has not granted any extensions.

#### Eastern Companies Resist

Many of the Iowa companies had agreed orally to a program of liquidation, but the eastern companies, principally two or three of the larger life insurers, have resisted such a movement.

The department feels that these eastern companies don't care to sell, or don't know how. The feeling is prevalent, too, that if these companies don't do something, the Iowa legislature will take the matter up and turn out even more stringent laws.

At the recent session of the legislature, an attempt was made to impose a graduated land tax, but through Fischer and other administration leaders the issue was postponed.

#### Corporate Ownership Campaign Issue

Another factor involved in the situation is that corporate ownership of land was an important question in the last state campaign, as was the farm tenancy issue.

Fischer, apparently is not attempting to take any drastic action against the insurance companies, but is trying to solve the problem with the assistance of the companies themselves.

Accurate figures as to just how much of the land now held by the insurance companies is involved, is not known. It has been estimated that approximately 2,500,000 acres or 8 percent of the land in the state is owned by the insurance companies. However, only a small portion of this is up for extensions. At present extensions granted by former administrations have extended the time limit so that the total amount could be figured as coming up within the next five years.

Fire companies are only a small minority in the holdings and at present only three fire firms have asked for extensions. The three companies have very small holdings.

#### Hold Properties 12-15 Years

Regarding printed statements that insurance companies are keenly interested in disposing of their equity, it was pointed out here that some companies have been holding on to some of their properties for 12 to 15 years.

It is also notable in the present situation of recent reports showing insurance companies selling their farms in scattered sections of the state at good prices. In one county, Pocahontas, it is reported that farm land is moving better than at any time in the last 20 years.

From other reports it is noted that one company, an Iowa life firm, disposed of eight farms in one area during

### New Advertising Manager for Republic National Life



ANDREW G. DICKINSON, JR.

The Republic National Life of Dallas has appointed Andrew G. Dickinson, Jr., manager of its advertising department with supervision over all publicity. It is a new position. Mr. Dickinson will work closely with the agency department headed by M. Allen Anderson, vice-president. For four years Mr. Dickinson has been connected with the publicity department of the Southwestern Life in Dallas. He edited the "Sou'wester," home office house organ.

July at prices ranging from \$85 to \$100 per acre.

Union Central Life was reported as disposing of a 180-acre farm near Manson for an announced price. A farm near Garrison of 200 acres brought in \$130 an acre.

Northwestern Mutual Life sold a 106-acre farm near Holland for \$150 an acre. Mutual Benefit sold a 160-acre farm near Dike for \$13,200. A 160-acre farm near Paullina went for \$18,000. These sales were taken at random from an Iowa paper and were all reported as having taken place during the past week.

#### FARM OPERATIONS IN KANSAS

TOPEKA—Commissioner Hobbs of Kansas has sent a communication to insurers stating that information has been received by his department that certain insurance companies owning farm properties in Kansas are operating such properties in violation of general statutes of Kansas, 1935, 17-202a and section 7, chapter 152, session laws 1939, which are:

"That no Kansas corporation shall be granted a charter and no foreign corporation shall be given permission to do business in Kansas, which Kansas or foreign corporation proposes to or will engage in the agricultural or horticultural business of producing, planting, raising, harvesting or gathering wheat, corn, barley, oats, rye or potatoes or the milking of cows for dairy purposes."

"We, therefore," Mr. Hobbs asserts, "desire that you furnish us with information regarding any farm properties, owned by your company in this state, which are being operated other than through lease to some individual or individuals. This information should include the legal description of the property or properties, the date acquired, the length of time they have been operated, other than through a lease and full particulars concerning the nature of such operation."

Members of the home office staff of the Life of Virginia including Bradford H. Walker, president, attended an all-day picnic given in Chesterfield county near Richmond. The home office was closed for the day.

## Clabaugh to Head Atlantic Life

### Ralph Lounsbury to Devote Entire Time to Bankers National

The Atlantic Life has elected Samuel F. Clabaugh president and a director, succeeding Ralph R. Lounsbury, who will now devote all of his time to the Bankers National Life of Montclair, N. J., of which he is president. Mr. Clabaugh was formerly president and board chairman of the Protective Life of Birmingham and more recently has been executive vice-president of the Southern States Industrial Council, an organization of Southern industry. He is widely known throughout the south in business and industrial circles.

Mr. Clabaugh was born in Birmingham in 1890. He was educated at the University of Alabama, receiving his masters degree and later graduating in law. He is a Phi Beta Kappa. Upon graduation, Mr. Clabaugh entered the newspaper business in Birmingham and later was publisher of the Tuscaloosa "Daily News." In 1919 he became vice-president of the City National Bank of Tuscaloosa.

#### Headed Alabama National

In 1926 Mr. Clabaugh was elected president of the Alabama National Life and when this company was merged with the Protective Life in 1927 he became president of the merged companies and continued in this capacity until 1937 when he was made chairman of the board.

Mr. Clabaugh was elected executive vice-president of the Southern States Industrial Council in 1938 with offices in Nashville, Tenn. He is chairman of the board of the Federal Home Loan Bank of Winston-Salem and is a director of the U. S. Chamber of Commerce. In addition to having been vice-president for Alabama of the American Life Convention he has served as vice-chairman of the board of the Sales Research Bureau and also as vice-president for Alabama of the American Bankers Association.

Mr. Clabaugh is a past president of the Birmingham Chamber of Commerce and has just retired as international treasurer of Kiwanis. He is a past president of the Alumni Association of the University of Alabama and holds a commission as major in the United States army reserve corps.

#### Oldest Ordinary Company

The Atlantic Life was organized in 1900 and is the oldest southern company writing ordinary life exclusively. It has \$135,768,000 of insurance in force and assets of over \$30,000,000. New paid-for business in the Atlantic Life for the first half of 1939 increased 25 percent.

The convention of the Aces' Club, made up of the top producers of the company, will be held at the Hotel New Yorker, New York City, Aug. 7-9. There has been an increase in the membership of the Ace's Club of 50 percent during the club year just closed and it is expected that more than 150 people will attend the convention.

#### Savings Bank Tax Bill Advances

BOSTON—The Massachusetts house has advanced to a third reading the bill providing for taxing the savings bank life insurance department's reserves on the same basis as insurance company reserves. Ever since it was instituted the savings bank reserves have been taxed on the same basis as the reserves of the savings department of the bank, which is a much lower rate than charged the regular companies. Equalization of the tax was recommended by the special commission which studied the proposed limitation of the savings bank life insurance system last year.

## Results of June's Examinations Given for C. L. U. Degree

### Dean McCahan of the American College Presents an Interesting Review

Some 1,742 men and women, having complied with all the rules of eligibility established by the American College of Life Underwriters, presented themselves for the scheduled C.L.U. examinations on June 8-10 at 90 universities and colleges which served as examination centers. This constitutes the largest number of candidates ever to sit for a single series of examinations, according to Dean McCahan of the American College.

The candidates taking this year's C.L.U. examinations represent 334 cities and towns in 42 states, the District of Columbia and Hawaii. They are associated with 95 different life companies.

Due to continued emphasis upon the four-year program of study for the C.L.U. designation, 98.8 percent of this year's candidates undertook the examinations in installments, only 1.2 percent presenting themselves this year for all of the five parts in which the C.L.U. examinations are divided, as contrasted with 79.9 percent 10 years ago and 9.5 percent five years ago. As further evidence of the tendency to take examinations on an installment plan, it should be noted that only 237 candidates of the entire 1,742 took the necessary parts to permit of completing the entire series of five C.L.U. examinations had everything taken been passed.

#### Passing Ratio Higher

An encouraging feature of the examination results in 1939 was an improvement in the passing ratio despite an increase of more than 50 percent in number of candidates. The 1,742 candidates took a total of 3,116 examinations of which 60.0 percent were passed. College officials were delighted with this as it represents not only a turn in the passing ratio trend which has been gradually declining for a number of years but a better showing than in either 1937 or 1938. It is believed that the field work of the educational advisory department as well as the teachers manual and C.L.U. study supplements have been an important factor in reversing the former trend by the stimulus which they have exerted toward better preparation.

As a result of this year's examinations, 1,688 have now completed the entire series of C.L.U. examinations and 2,309 others have credit for successful completion of some of the five parts, thus making a total of 3,997 who have demonstrated their knowledge in all or some of the fields of subject matter covered by C.L.U. examinations. In this connection, it is interesting to note that of the 2,309 who have not yet finished all installments of the examinations, 154 (as compared with 128 in 1938) have credit for four of the five parts, 408 (as compared with 281 in 1938) have credit for three parts, 835 (as compared with 625 in 1938) have credit for two parts, and 912 (as compared with 698 in 1938) have credit for one part.

#### Candidates Completing Program

Although the widely adopted practice of taking C.L.U. examinations on an installment basis has naturally resulted in a smaller ratio between the number who complete everything in a given year and the number who appear for examination.

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## LIFE INSURANCE EDITION

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## Canadian Offices Prepared for War

### V. R. Smith of the Confederation Life Tells What Companies Are Doing

TORONTO, CANADA — Canadian life companies have been preparing for war emergencies for years, according to V. R. Smith, general manager of the Confederation Life. When asked: "How would life companies withstand another world war?" Mr. Smith stated:

"Most companies have been contemplating this eventuality for years. Instead of as much surplus being paid out



V. R. SMITH

as was perhaps warranted, a portion of it has been ploughed back year after year to take care of such crises as might arise from time to time. We have been criticized for this in some quarters but have proved our point by being in the sound position we enjoy today.

#### Prepared to Apply Restrictions

"As I say, we have been contemplating this eventuality for years but in spite of that no restrictions are placed on our present policies either in Great Britain or anywhere else. We are, of course, prepared to apply restrictions as soon as war breaks out."

When asked if he thought war would come soon, Mr. Smith said he thought not—and "not for this year at least." He went on to say that as long as companies kept their affairs in order, as they were doing, they were ready for changing world conditions. In the event of war and consequent fluctuations in exchange they would have the protection of their governments, and as life companies had weathered epidemics and wars hitherto they should be able to do the same in the future.

#### Effect of War Talk

"The business of life insurance is carried on with one object in view," asserted Mr. Smith. "To pay our policyholders promptly and in full what is due them. So far that objective has always been attained."

Questioned as to whether war talk has had an adverse effect on life insurance business, Mr. Smith answered in the affirmative.

"Yes," he stated, "because it hinders all classes of business. We as Canadians can do nothing about it. We can make representations to our government for defense measures but that is all. We have to leave affairs in the hands of people responsible for them. The British government and ours are fully capable of handling the situation. Our job is to pay attention each day to the work of that day and so improve present conditions."

### Wish to Honor Huebner in Philadelphia in 1940

PHILADELPHIA — There are two main objectives behind Philadelphia's drive to bring the 1940 convention of the National Association of Life Underwriters here. The east has not had a meeting since 1936, and inasmuch as there are a large number of life underwriters in this section, it is felt that the time is now due for meeting in the eastern city. Philadelphians also feel that the convention here will give an opportunity to honor Dr. S. S. Huebner, president American College of Life Underwriters and head of the insurance department in the Wharton school of finance of the University of Pennsylvania.

### Mysterious Suit Is Now Out of Running

The strange and mysterious suit brought by F. W. Mahoney, policyholder of the Franklin Life at Springfield, Ill., in his home town, asking for an accounting in regard to participating policies issued before 1910, was dismissed without prejudice in the circuit court there last week. This suit seemed to be mysterious in its origin and the motive back of it could not be divined. It had to do with the reorganization of the Franklin Life to a legal reserve company on a capital stock basis. All the details were approved by the Illinois insurance department, thoroughly checked over and given a clean bill of health. Therefore, what was back of the suit seemed to be hard to divine.

The "Illinois State Journal" of Springfield printed an editorial expressing gratification that the suit has been dismissed, saying ". . . the suit had its inception in the interpretation to be put upon actuarial computations made many years ago when the company changed from a mutual basis in 1910. The wisdom of the change has long been demonstrated. The Franklin has become one of the most substantial, reliable insurance companies in business. It has weathered every storm and is today the leading fiduciary institution of the Illinois capital and a monument to the high character and ability of those who have chartered its course."

#### After Insurance Swindler

Commissioner McCormack of Tennessee has pledged the aid of his department in breaking up an insurance swindle racket being worked in Memphis. A man who represents himself as an agent for reputable companies and who is very familiar with insurance has been obtaining money for the collection of old insurance claims. In one case a collection fee of \$29.95 was obtained for the proposed collection of \$6,000 policy. The same man also collected \$29.95 from another victim.

#### Group Creditors Insurance

The Pennsylvania department calls attention to the fact that the last legislature passed a bill permitting the writing of what is commonly known as group creditors insurance. The regulation of the department dated Nov. 24, 1927, prohibiting such insurance is therefore rescinded. The policy and related forms must be approved by the department.

He considers that talk of war was doing a material amount of damage to business on this continent, but the present practice of Canadian daily newspapers to keep scare headlines from the front pages should play a part in strengthening public confidence, while at the same time give a full and reliable account of the news.

# THE CREDIT GOES TO THE FIELD MAN AND HIS SERVICE



Not yet quite forty years old, the National owns and occupies these enviable positions among the outstanding Companies in the business:

FIRST on the rate of production in Ordinary in 1938 among companies not affected by merger or reinsurance.

FIRST Company in history to build a hundred million dollars of Ordinary in force during the first ten years of selling Ordinary.

NINTH on total new business paid in 1938 with \$252,468,006.

TWENTIETH on new paid Ordinary in 1938 with \$75,725,271.

THIRD on Industrial Increase for 1938 with \$31,246,650.

FIFTH on Industrial written in 1938 with \$176,742,735.

TWENTY-FOURTH on total Life Insurance in force with \$645,637,655.

A fine field organization of some 3,500 Shield Men, trained for service to the public, accomplished these outstanding records. The same kind of sincere service is building more solid progress and more planned future estates in this year 1939.

# The NATIONAL LIFE AND ACCIDENT Insurance Company, Inc.

C. A. CRAIG, Chairman of the Board  
C. R. CLEMENTS, President  
HOME OFFICE  
NASHVILLE  
TENNESSEE  
NATIONAL BLDG.

## Mortality Table Critics Practice Deception

Typical of unthinking criticism leveled at life insurance recently has been that regarding the American Experience Table of mortality. A leading critic, for example, states that "this table does not truly represent the number of deaths or the death rate in America, as its title might lead one to believe. On the contrary, it is merely a hypothetical table prepared about the year 1860 by Shepard Homans, who was then in the employ of the Mutual Life Insurance Co. of New York." The critic then goes on to point out the great difference in the death rate shown by a comparison of the American Men Table and the American Experience Table.

A prominent actuary points out that the American Experience Table is simply a convenient mortality measuring rod. It is not regarded as something fixed or absolute. For example, whether temperature is expressed in degrees Fahrenheit or Centigrade is immaterial. They do not control the temperature. They are both accurate. Critics are in the habit of pointing out tremendous "profits" in the use of an outmoded mortality table when such a situation is not true at all.

### Two Percent Higher Reserve

This actuary states that the American Men Table would require about a 2 percent higher reserve than the American Experience Table. He is of the opinion if a table were adopted more nearly reflecting current mortality, as cash values are hooked up with reserves, the policyholder would be obliged to pay increased surrender charges. A company must rely on premiums for its main source of revenue. Out of the premiums, it pays death claims, matured endowments, and cash surrenders. Claims cannot be regulated actuarially or any other way and the difference must be taken up by the surrenders in balancing premium income and claims paid, for a company cannot pay out more than it takes in.

The principal sources from which a company earns its money are loading, mortality, and interest. Interest returns being what they are, there is little to expect from that source for some time. Mortality cannot be regulated and if a company cannot make a gain from mortality, it will be obliged to throw it into loading, and the policyholder will complain about the increased cost of his life insurance.

### Sample of Criticism

Here is another sample of criticism of the American Experience Table: "We condemn, without equivocation, without hesitation, and without qualification, the imposition practiced upon American policyholders by the use of an outmoded mortality table whose sole purpose appears to be to give agents larger commissions and companies larger mortality savings upon which to draw for purposes that are alien to the principles of life insurance."

A major factor in the growth and stability of life insurance has been the confidence which the public has placed in it. Because of the soundness of the legal reserve system, there have probably been fewer failures among life insurance companies than in any other line of business activity. The stability has come because life insurance companies were not obliged to rely upon a single factor, but had the twin factors of interest and mortality. A company cannot pay out more than it receives and remain solvent. With little savings possible from either interest or mortality, the companies will have to take up the slack from loading.

### PERMISSIVE IN NEBRASKA

LINCOLN, NEB.—Insurance Director Smrha has issued an order with respect to the American Men Table of mortality as a permissive standard of

valuation. The law requires the department each year to make a valuation of outstanding policies in all life insurance companies and provides the maximum standard permitted and the minimum standard required, giving the department discretion so long as the results are within the prescribed limits.

"It is therefore concluded," the order states, "that the statutory requirements be complied with if the aggregate reserves on the bases stated in the policies, for policies which provide for reserves on the American Men Table of mortality, are equal to the aggregate reserves for such policies when valued on the American Experience Table of mortality and 4 percent interest which is the minimum standard prescribed by law.

"Adoption of the permissive standard does not permit the non-forfeiture or loan values in individual policies to be less than such values when computed in accordance with statutory requirements on the minimum standard, which loan and non-forfeiture values must under Nebraska laws be at least equal to the respective reserves based upon the minimum standard or the valuation basis stated in the policy whichever is higher less a surrender charge of not more than 2½ percent of the amount insured by the policy.

"Each company which shows in its annual statement a valuation of part or all of its business based upon the American Men Table of mortality or any other standard than those provided by statute will be required to submit evidence to this department that the valuation so computed is at least equal to the minimum standard required by statute."

### AMERICAN MEN TABLE

Nebraska is the 23rd state to allow use of the American Men Table in calculating reserves, if, in the aggregate, the reserves thus calculated are at least equal to the reserves that would be pitched from application of the American Experience Table. This arrangement is favored in the recent report to the National Association of Insurance Commissioners of the special committee on mortality tables. The committee feels that by using the American Men Table in calculating reserves, a wholesome effect is created because a higher mortality ratio then appears in the gain and loss exhibit than if the American Experience Table were used.

Some states allow permissive use of either the American Men Table or American Experience Table but with the stipulation that in each individual case that valuation standard must be applied which will produce the largest reserve. The work involved in making these calculations is regarded by the companies as prohibitive and the reserves would be pitched to a prohibitive level. The scheme which has now been adopted in Nebraska is the one that is generally favored. At some ages and durations the American Experience Table produces a higher reserve while at other ages and durations the American Men Table produces a higher reserve.

### Caminetti Visits Los Angeles

LOS ANGELES — Commissioner Caminetti paid his first official visit to Los Angeles and became acquainted with the personnel of the southern California office as well as with a number of prominent insurance men who called to pay their respects. He was accompanied by Eugene P. Fay, assistant commissioner. Judge Caminetti said the governor desired that the department be completely divorced from politics and operated in the interest of the public. The personnel of the Los Angeles office will be augmented to enable it to give better and more prompt service.

## Social Objectives of Life Insurance Told by McAndless

Life insurance is a business with a social objective, A. J. McAndless, president Lincoln National Life, said in a talk at the agency conference of the Wisconsin National Life held at Oshkosh. It is a tested method of providing security and a financial reserve, and on this basis it is accepted and trusted by 96 percent of the people as shown by a recent survey.

Insurance selling, however, has fallen into disrepute in some sections because



A. J. McANDELESS

of unscrupulous methods of a comparatively few agents. To counteract such reaction, he said, agents should secure more stringent laws governing insurance selling, discourage the incompetents; companies should raise the standards to a point where incompetent or unscrupulous agents are eliminated, as well as fly-by-night companies.

### Sell on Permanent Basis

Agents, Mr. McAndless said, should sell on a permanent basis to meet the applicant's needs to the best possible advantage.

There is great need for an educational program to make the public realize that the full time agent who observes the best traditions of the business is a counselor and adviser whose recommendations can be accepted and trusted for the welfare of policyholders and beneficiaries. Insurance companies are seeking to attain this objective in one respect by seeking and training young men and women in life insurance as a life work, and also are advertising extensively.

### New Pennsylvania Group Bill

Commissioner Taggart of Pennsylvania addresses companies writing group accident and health insurance calling attention to the recent act of the legislature defining and regulating such coverage and establishing certain provisions to be contained in the policy contract. Therefore Commissioner Taggart declares it will be necessary for all companies to review their policies formerly approved by the department to determine whether or not they are any longer legal contracts under the act. Companies must notify the department that all illegal forms are being withdrawn.

### Commissioners' Zone Chairmen

Secretary Jess G. Read announces appointment of the following zone chairmen for the National Association of Insurance Commissioners: 1, Blackall, Connecticut; 2, Bowles, Virginia; 3, McCormack, Tennessee; 4, Yetka, Minnesota; 5, Harrison, Arkansas, and 6, Earle, Oregon.

## Inter-Company Bureaus as Aid to Insured, Pink's Plan Would Fill Need, Thwart Counsellors, He Tells Atlantic Life Men

NEW YORK—It would be a wise thing for the companies jointly to maintain bureaus at central points where the policyholder could get disinterested advice on all his life insurance problems and where no insurance would be sold, Superintendent Pink of New York suggested in his address at the Atlantic Life's convention this week. He had previously mentioned the sharp increase in the number of fee counsellors in the New York area, recently about 50 but now more than 100.

"This, it seems to me would be a legitimate extension of the activities of the life insurance companies," he said of the bureau proposed. "There is no reason why life insurance policyholders, many of them poor people holding small industrial policies, should feel the necessity of paying substantial fees for life insurance information and advice."

### Optimistic on Federal Probe

Mr. Pink took a highly optimistic view of the eventual results of the hearings on life insurance before the federal monopoly committee, which will be resumed before long. He said that there is a tendency, as with all investigations, to exploit criticisms which are made of the industry. Sometimes these criticisms seem most unfair, particularly where only one side is publicized, he pointed out, but said it must not be assumed that the investigation is necessarily hostile.

Superintendent Pink observed that while public investigations unfortunately have a tendency to unsettle business and sometimes needlessly alarm those affected, in the long run they very often prove helpful to the industry under scrutiny. He warned against prejudging the Washington inquiry, stating that "we must stand ready to cooperate and lend such help and assistance as is permitted." Declaring that the institution of life insurance is financially sound and honorably managed, he said that as a whole it will come through this or any other investigation without taint or serious injury.

### Agents Becoming Counsellors

Commenting on the rise of fee counsellors, Mr. Pink said that some former agents are becoming counsellors because it seems to be an easy way of earning a living, the pressure of unemployment undoubtedly being a contributing factor. He said that if agents fully perform their duty, which is not only to sell insurance but to service it and properly advise the policyholder, there is nothing to fear from the counsellor. The best answer to the problem of the counsellor is better and better service to the assured, Mr. Pink said.

### Ten-Minute Application

An application for a life insurance policy was completed in Brady, Tex., when the applicant was only 10 minutes old. The applicant is Harry L. Curtis, Jr., son of Mr. and Mrs. Harry L. Curtis and W. B. McAllister, Brady, Southland Life agent, took the application.

John W. Klintworth of Marietta, O., who has been with the **Ohio State Life** 25 years, is putting on a special campaign for 25 applications in commemoration of that event.

## New Gain & Loss Exhibit Is More Understandable

### Will Result in Change of Emphasis in Analyzing Operations

By J. H. RADER

The new gain and loss exhibit for life companies jumps over technicalities and gives a simple statement of the amount that is left over at the end of the year after all deductions are made from the year's income. This makes it conform more closely to the bookkeeping methods of other businesses. When the average business man asks to see the financial statement of a company he will be able to understand it without having to ask questions that even the agent can seldom answer.

Instead of investigating the sources of profit such as mortality, investment and loading, the new exhibit is more concerned with whether each class of business is carrying itself. The statement shows how much profit or loss the company experienced from life, annuity, disability, double indemnity and group. There is a separation between ordinary and industrial.

#### Emphasis Is Shifted

This means that there will be fewer accusations that the ordinary department is being supported by the industrial, and vice versa. It also means that agents will have to be re-educated along some lines. Life companies have stressed favorable mortality and, until recent years, rates of interest earned. Such figures are no longer included in the report and any such calculations will be nothing more than special tabulations prepared by individual actuaries. Since such figures will not be generally available there will be little possibility of using them in comparing one company with another. However, it will be definitely possible to compare results of ordinary only in the multiple line companies with the experience of companies writing ordinary only.

Misleading terms have been changed so that their meaning is clear to the layman. Chief among these is the old item of "Total gain during the year from surrendered, lapsed and changed policies." It has been difficult for the agent to explain that a surrendered policy causes a loss to the company, when the financial statement of the company shows a large sum as the gains from that very source. The agent has been forced to point to his own commission and other expenses as items that have not been deducted in figuring this alleged profit. The new phraseology of "Net reserves released by other terminations" is accurate and does not attract more attention than the item deserves.

The agitation for a more modern mortality table has been based, in a large measure, on the wide margin between actual mortality and that anticipated by the American Experience table. This margin has been publicized by quotation of mortality ratios without a clear understanding of final results. Some proponents of the move for a new table seem to feel that gross premiums could be lowered by the adoption of a new basis, unmindful of the fact that competition is now forcing insurance costs to the lowest possible level consistent with safety.

If such a table were put into effect for all policies written after today, it would

be years before there would be enough business in force on such table to make any noticeable difference in the mortality ratios for total business in force. History bears out the conclusion that such new table would likewise be at variance with actual mortality by that time. Since people will not be governed in their dying by the mortality table in their life insurance policies, it is necessary for the company to have sufficient resources to pay claims when they occur, regardless of the method used in forecasting. The new gain and loss exhibit views the problem as a single unit and depicts the company's success in meeting current claims and preparing for those in the future without emphasis on single steps along the way. In other words, it gives prominence to results in which we are all interested, without clouding the issue with methods in which the actuarially minded find pleasure.

### Life Insurance Offers Life Work for Young People

Great opportunities for life work exist in the insurance field, J. M. Bryan, vice-president Jefferson Standard Life, told the Conference on Education as Guidance at Duke University, Durham, N. C. He was speaking especially on the opportunities for the youth of North Carolina.

"The opportunity of reaching the top in the life insurance business awaits the man who has made an outstanding success in either the home office or field," Mr. Bryan said. "Some of our most successful insurance executives came to their present positions through service in the field." He pointed out that Julian Price, Jefferson Standard's president, started as an insurance agent 34 years ago.

"The idea abroad that youth hasn't a chance is as erroneous as it was 30 years ago when I first heard it," Mr. Bryan concluded. "The openings today are as readily available as they were a generation ago. There is always a vacant place for the man who works well. Let's encourage our young people by teaching and showing them that this is true."

#### Mack Heads Cincinnati Unit

CINCINNATI — New officers of the Cincinnati C. L. U. chapter are W. J. Mack, Northwestern Mutual, president; G. T. Kennedy, Lincoln National, vice-president; J. W. Austin, National Life of Vermont, secretary. Additional directors are J. C. McFarland, Ohio State, and Louis Gutmann, Penn Mutual. The chapter sponsored three classes with a total enrollment of 61. Cincinnati candidates had a much better experience in passing the examinations than over the country generally, where only about 60 percent are ordinarily successful. Cincinnati has the largest chapter of any city of similar size.

#### Ask Agents' Views on Law

Superintendent Lloyd of Ohio has submitted to the Ohio Association of Insurance Agents and the Ohio Association of Life Underwriters, copies of the proposed non-resident agents and brokers law under consideration by a committee of the National Association of Insurance Commissioners, of which Commissioner Harrington of Massachusetts is chairman and Superintendent Lloyd vice-chairman.

Ohio fire and life insurance agents are asked to give their opinion of the proposed measure.

#### Writes 71 Apps in One Day

Carey Selph of the home office agency of the Great Southern Life, Houston, wrote 71 applications for \$177,500 in one day. He is a million dollar producer.

Be a jinx chaser on **Hoodoo Day**, Friday, Oct. 13, by selling accident insurance. Send 10 cents for complete sales plan to A&H Review, 175 W. Jackson Blvd., Chicago.

## RECORDS

**Great-West Life** — New business placed in force in July reached the highest figure ever recorded in any July in its history, with 31 of 37 agencies showing substantial increases over July last year. Twelve agencies more than doubled their July, 1938, production. Leading agencies in July were Toronto, 1, Chicago and Winnipeg. Business in force increased by over \$3,000,000 to \$616,900,000, a gain of over \$9,000,000 for the year to date.

**Protective Life** — Net increase in insurance in force the first six months was \$4,803,534 or more than for all of 1938. The total is now \$115,334,963. The assets increased \$564,804 to \$11,842,445. Surplus also was substantially increased.

**United States Life** — Increase in new paid-for ordinary business for the first half of 1939 was 24.6 percent above 1938

and 76.2 percent over 1937. Gain in business in force was 9.2 over 1938 and 12.1 over 1937. Mortality was about 50 percent of expected.

**C. C. Lindsey**, Carbondale, Ill., agent of Great-West Life, associated with Manager Carl Sichling of the southern Illinois branch, has led that branch every month this year. His total paid for business for the first seven months was over \$200,000. This is a substantial increase over last year.

**Cherry & Cherry**, San Antonio, Tex. — Led the Bankers Life of Des Moines in June and July in paid business.

**W. T. Whitehead**, Kansas City Life, Kansas City — July increase of 20 percent.

When a widow is left with about \$2,000 and two or three dependent children, she finds very little consolation in the fact that there's 115 billion dollars in force. —Field News.

Read **The Industrial Salesman**, \$1.25 a year. 420 E. Fourth Street, Cincinnati.



## ALWAYS TOGETHER

These happy little fellows will be together throughout their growing years.

Dad will see to that, if he lives.

He has even made sure that if he is not spared their mother shall have a definite monthly income.

Is there some other Dad in your area of operations who ought to make the same sure provision? Show him the monthly income settlement options.



**The Prudential**  
Insurance Company of America

Home Office, NEWARK, N. J.



## WHY THE FAMILY INCOME POLICY?

Because it gets to the bottom of the average prospect's need and provides a greater degree of FAMILY SECURITY out of a modest pay envelope. Because it conserves insurance proceeds for later usefulness and furnishes a priceless *plus* value—a substitute salary during critical years—at very little extra cost. Because Continental American's extremely low participating rate together with the level premium plan gives the Family Income an almost unbelievably high protective power per premium dollar.

In the nine years since Continental American originated and introduced the Family Income Policy, the world has tested it and approved. Its simple cost-saving principles have meant to the policyholder a new high in purchasing power, and to the agent a selling weapon of unrealized value. Today, with the exceptional flexibility of Family Income contracts and riders, and with Continental American's unusual Term Additions feature that makes a whole estate plan out of one policy, the statement of Philip Burnet is more true than ever before: "For many, adequate protection is possible ONLY through the Family Income Policy."

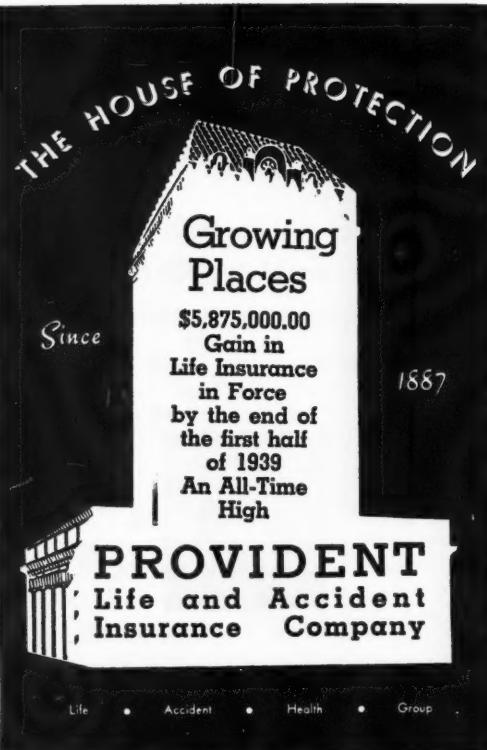


The protective power of The Family Income Policy is explained in language the prospect will enjoy reading in a booklet recently published by Continental American: "How Much Life Insurance Should I Own—With the Family Income Policy?"

## Continental American LIFE INSURANCE COMPANY

Wilmington, Delaware

W. M. Rothaermel, Vice President



Agency Representation from Coast to Coast

## Protective Life's Agency Convention

NEW YORK—Protective Life's unusual financial strength, its substantial gains in new business, surplus and insurance in force were discussed by President W. J. Rushton at the banquet which concluded the business session of the agency convention here this week. He also delivered the address of welcome.

Other officers who spoke were A. C. Wellman, vice-president, who illustrated his talk with charts showing the advantage to the agent of writing the larger policies having lower lapse rates, and S. R. Hay, Jr., superintendent of agencies, who conducted an "Information Please" type of quiz session. Manager J. M. Holcombe of the Sales Research Bureau was the speaker at luncheon. He stressed the value of quality business and said that research into the sales problems of life insurance may be expected to go much further in uncovering useful data.

### Production Club Officers

R. W. Bishop, Guntersville, Ala., is president of Protective Club by reason of top production rank. Vice-president is A. G. Gainey, Meridian, Miss., and secretary-treasurer is E. H. Mitchell, San Antonio, Tex., second and third ranking producers respectively.

Assisting Mr. Hay as the panel of experts in the quiz section were A. L. Bell, Mobile; H. J. Baum, Birmingham, and C. W. Daugette, Jacksonville, Ala. Other agents taking part in the program included A. G. Gainey, Meridian, and J. L. Gainey, Oxford, Miss.; T. A. Bone, Rocky Mount, N. C.; R. M. Goodall, Jr., Birmingham, and R. D. Newman, Columbia, S. C. Hoyt Winslett, Tuscaloosa, manager for western Alabama, spoke at the business session on "What's Ahead in the New Club Year."

Charles Cole, Jasper, Ala., and E. K. Neville, Birmingham, put on a sales skit on interviewing centers of influence.

## Pan-American Names Three in Southern Territory

Pan-American Life appointed Wallace R. Forrester district manager at Albany, Ga.; Sam R. Davis general agent at Fort Worth, Tex., and J. deYampert Brame, Sr., general agent at Montgomery, Ala.

Mr. Forrester entered life insurance in 1925 after graduation from Georgia Tech, where he was a football star. Mr. Davis was a high school coach and then a teacher in Texas public schools. He became a part-time life insurance agent and later became supervisor for R. S. Nauts, general agent Pan-American in Houston territory.

Mr. Brame, a member of the Baptist clergy for a number of years, for eight as a chaplain in the navy, has been engaged in life insurance selling for ten years. He was for several years a Boy Scout executive. He has a splendid personal production record.

### Behling with Murphy Agency

Donald M. Behling has been appointed agency supervisor of the W. K. Murphy agency of the Northwestern Mutual Life in Los Angeles, succeeding the late L. L. Archibald. He has been with the Northwestern Mutual 15 years and is the son of the late J. I. Behling, for many years cashier in the Milwaukee agency of the company and later general agent in Columbus, O., where the younger Mr. Behling began his insurance career under the father's tutelage.

**Felix L. Ryan**, Connecticut Mutual Life general agent at Bangor, Me., for the past 25 years, died after a short illness. He went with Connecticut Mutual in 1892 as clerk in the Bangor office, and was agent 1905-1914. Representing the home office at the funeral were Harry H. Steiner, secretary, and Frank S. Forbes, auditor of agency accounts. The general agent of Portland, Me., and Walter S. Buck, general agent at Scranton, Pa., also attended.

## Sun Life Top Notch Club Members Are Announced

MONTREAL—Nearly 600 representatives of the Sun Life of Canada have qualified for membership in the Macaulay Club, its highest honor for its top-ranking agency producers. Included in the list are the names of representatives in 112 branches located in practically every one of the 39 countries where the company operates. Club president is Fred G. Bentrup, St. Louis, who led the entire agency force in personal production. S. Mendoza of London (Eng.) west end branch placed second and assumes the title of vice-president-at-large. New divisional vice-presidents include representatives of the following Sun branches: Vancouver, B. C., Philadelphia, St. Louis, Hawaii, London (Eng.), Sourabaya (Java) and Buenos Aires. Thirteen territorial vice-presidents have also been appointed, representing such countries as Canada, United States, South Africa, India, Philippine Islands and Puerto Rico. The annual agency conference of the Macaulay Club will be held at the Palm Beach Biltmore early next March, and will be attended by all club officers and members who continue to qualify during the intervening months.

## Julian Outlines Needed Legislation in Alabama

MONTGOMERY, ALA.—Needed insurance legislation, some of which is covered by bills now pending in the Alabama legislature, was outlined by Superintendent Julian in his annual report to the governor.

Among the legislation needed, he said, is a strengthening of the agency qualification law, increase in the financial requirements for mutual aid companies, a uniform law for liquidation of companies and one placing a penalty on the policyholder as well as the company for giving or offering a rebate.

He added that a bill prepared by the National Association of Insurance Commissioners in cooperation with the American Bar Association, providing for uniform liquidation of companies, would soon be introduced in the legislature.

Superintendent Julian said the organization of mutual aid companies with inadequate capital "was fast becoming a racket." The lower house of the Alabama legislature has passed a bill raising the minimum amount required for incorporating a mutual aid company from \$5,000 to \$25,000. It was introduced by Representative Tram Session of Birmingham, a life insurance agent.

### To Introduce Stull to New Post

W. E. Hays, director of agencies of New England Mutual Life, is planning to introduce C. Harvey Stull to San Francisco, where he will become general agent, at luncheons Aug. 31 and Sept. 1. Mr. Stull has been the New England Mutual general agent in Providence, R. I. To the first luncheon will be invited members of the agency, banking and legal connections of New England Mutual in San Francisco and a few brokers. To the second luncheon will be invited the managers and general agents in San Francisco and some of the leaders in the life underwriters association.

### Duker Defendants Acquitted

LOS ANGELES—H. M. Farrar and Paul Rodin have been acquitted of charges of attempting to extort \$1,500 from Harry J. Duker, president of Sunset Mutual Life, by Superior Judge Weiler after a trial lasting three weeks. Rodin now is being held on a fugitive warrant from an eastern state.

**Stephen Matyas**, general agent Ohio State Life at Hazleton, Pa., has completed 500 weeks of consecutive weekly production. He has never missed a week since he joined the Ohio State Life.

## Investment Course Prospectus Ready

### A. L. C. Financial Section Committee Distributes Final Draft of Plans

The project in the Financial Section of the American Life Convention to start a life investment officers seminar—approved in principle by the A. L. C. and in the hands of a special committee—took more concrete form this week with the transmission of a printed prospectus to A. L. C. and other interested companies. This sets forth the project in its final form.

The committee still is considering selection of a university where the resident course is to be conducted. It is planned not to start the project until July or August, 1940.

#### Formulate Theme of Course

Theme of the course set forth in the prospectus prepared by the committee, of which Alex Cunningham, vice-president and treasurer Western Life, and past section chairman, is the chairman, is, "The Workings and Effect of Basic Economics on Investment Policy and Practice."

The committee comments that in recent years there have been many changes in investment concepts, due partly to the increased importance of the U. S. government in business, through legislation and competition, and also to attempts at social reforms.

"Further changes are constantly taking place due to the constant shifting of international policies, both with respect to government, trade and financial policy," the brochure notes. "We believe that the greatest thing that can be done for our business today is to provide, through specialized education and training, a broader foundation on which to base sound and logical reasoning.

#### Not Enough Real Planning

"We believe that, taken as a whole, there is not sufficient long term planning in business in general and investments in particular. We believe that, on the whole, each individual company has at its disposal adequate facilities for the analysis of individual investments but that the determination of investment policy involves so many perplexing problems that further study is essential to the proper solution of these problems.

"It is our belief that there is a definite need in the field of life insurance for an advanced educational program that will offer to executives of life insurance companies an opportunity to study intensively those things that will bring to each a more complete understanding of the problems with which we are faced in connection with general investment and financial policy."

#### Plans Are Outlined

The plans call for a three-year course, with a resident session of two weeks each year. Both the theoretical and practical sides will be covered. There will be no educational or age requirements for admission to the first session to be held. Men and women may enroll. The prospectus emphasizes the course will not conflict with educational effort of Life Office Management Association.

While designed for executives of A. L. C. companies, the course also, if possible, will be offered to companies of the Association of Life Insurance Presidents and nonaffiliated companies. The committee said preliminary indications are that there will be a problem to hold down attendance to that consistent with the facilities available.

The prospectus also has been sent to a number of educational institutions tentatively listed in it as suitable to conduct the seminar, with request to consider it and indicate their interest, or to submit counter-proposals. Replies are

## Business Insurance Sales Technique Fully Treated

"Corporation and Partnership Insurance," by Leon Gilbert Simon, an outstanding new book which is perhaps more accurately described as a "sales manual" devoted to the technique of properly applying for life insurance to all sorts of business needs is just off THE NATIONAL UNDERWRITER press. This new and up-to-date treatise on so important a subject, written by an experienced



LEON GILBERT SIMON

expert, will be of unusual value to agents.

The essentials for a full understanding of the fundamentals of business insurance from every angle are presented in Mr. Simon's latest work together with numerous effective selling pointers which run all the way through its 240 pages. Long-tested and perfected methods of presentation are given in detail—what to say, what to stress and when, is clearly stated. The actual interviews with prospects in the very words that sold the case are another important feature of "Corporation and Partnership Insurance" which has been written in simple non-technical language understandable to the prospect as well as the agent.

#### Simon Well Versed in Field

Mr. Simon has long specialized in this particular function of life insurance. He is well known as an outstanding personal producer with the Equitable Society in New York, as a speaker of merit particularly for his "open forum" discussions before underwriters' groups, and as author with uncommon ability in telling others "how-to-do-it." Among his earlier well-known and widely-read books is "Business Insurance," a best seller of nearly 10 years ago and which "Corporation and Partnership Insurance" brings up to the minute. Having sold hundreds of small as well as many large business insurance cases, Mr. Simon's experience enables him to give his readers, in "Corporation and Partnership Insurance," the whole story of successful selling of life insurance for business purposes.

Mr. Simon discusses from prospecting to closing, the entire procedure to be followed in order to best protect the interests of all concerned, the insured, the beneficiaries and the business itself. It answers the many questions that have

expected soon, when the committee will be prepared to select the university best suited for the course. This action probably will be taken at the A. L. C. annual meeting at Chicago in October. After that the committee will ask for registrations, with part or total payment of the tuition fee.

been put to the author in his numerous "open forum" discussions. Trusteeship for instance, and the various other legal aspects including the "agreements" necessary in practically all cases are discussed in full, followed by actual specimen agreements used by Mr. Simon.

#### Case Index Is Provided

Among the high spots in "Corporation and Partnership Insurance" are the chapters "Agreements Analyzed" and "Actual Interviews with Prospects" in which the verbatim question and answer method is used and the chapters "Typical Corporation Cases" and "Typical Partnership Cases" in both of which many cases are presented, analyzed, criticized and worked out in a way that shows how and why to do it a certain way. There is also a "case index" so the user can quickly locate the points to be considered in each type of individual case.

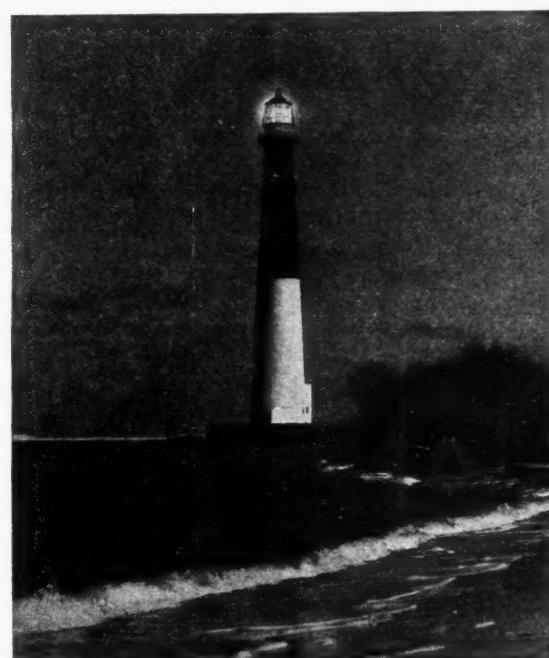
Advance orders are now being shipped. "Corporation and Partnership Insurance" may be ordered from The National Underwriter's book department at 420 East Fourth street, Cincinnati. The single copy price is \$2.50 with reductions for quantities.

#### Asks Group Life Opinion

Superintendent Lloyd has asked Attorney-general Herbert of Ohio for an opinion whether, under a recently amended Ohio law, a district, a state university or other public institution, other than a political subdivision, is permitted to pay any part of the premiums for group life insurance on its employees.

**W. V. Woollen**, agency vice-president of Capitol Life of Denver, made a short trip through the Northwest. In company with M. E. Smead, divisional supervisor, he visited agencies in Portland, Spokane, Seattle, and Twin Falls, Idaho.

Prospect with accident and health. Read **The Accident & Health Review**, \$2 a year. 175 West Jackson Blvd., Chicago.



## To Help You Reach Port

Not lack of effort but lack of direction is usually the reason for failure to make port on the voyage to financial security.

A definite course must be set, then technical skill applied to chart the course—direct as possible yet surely avoiding hazards of waste motion and loss.

From life insurance comes most of the money men leave their families, much of what they save for themselves. Forms carefully selected and settlement plans well arranged assure holding to the course, attainment for self and family of cherished aims.

Connecticut General representatives by training and equipment have the technical skill needed to assist in selection and arrangement. Use their experience freely.

**Connecticut General  
Life Insurance Company**  
Hartford, Conn.

## EDITORIAL COMMENT

### Intercompany Service Bureaus

THE SUGGESTION made by Superintendent PINK of NEW YORK that life companies might find it wise to set up and maintain joint bureaus at central points where the policyholder could get disinterested advice on his life insurance problems and where no insurance would be sold will be received with a great deal of interest. More than any other insurance commissioner, Mr. PINK has first-hand knowledge of what the fee counsellors are doing and his suggestion was made with these activities in mind for he stated that "there is no reason why life insurance policyholders, many of them poor people holding small or industrial policies, should feel the necessity of paying substantial fees for life insurance information and advice."

Something along the lines advocated by Mr. PINK has for some years been performed by the LIFE INSURANCE ADJUSTMENT BUREAU, which is maintained jointly by the METROPOLITAN, PRUDENTIAL and JOHN HANCOCK. This bureau handles only the insurance of those who are on relief but it does show that the companies can get together in maintaining such an agency. The LIFE INSURANCE ADJUSTMENT BUREAU has made a notable record of handling a difficult situation, readjusting policies to conform with the changed circum-

stances of clients.

Superintendent PINK's suggestion may be taken by some, especially in the agency end, as a reflection on the ability of the agency force to service as well as to sell business. The ideal system would, of course, call for all agents to be so well equipped that they could service as well as sell, thereby making an intercompany bureau unnecessary. Yet, where individual companies have set up policyholders' bureaus, there has been no reflection on the agent, in fact, agents have been helped. For example, the policyholders bureau set up by the EQUITABLE SOCIETY at its home office has been extremely successful and has complemented rather than conflicted with the work of the agents.

Regardless of possible objections, Superintendent PINK's suggestion is worthy of the most serious consideration. Whatever the ideal situation might be as to leaving the service job entirely up to the agents, the business is faced with a practical situation of which the rise of counsellors charging high fees for their advice is a system. It is quite possible that the agents would be far more benefited by having the backing of an intercompany service bureau than by continuing on the present basis.

### Learning the Art of Tolerance

CARL VAN DOREN's new Life of BENJAMIN FRANKLIN may not contribute any great amount of additional material but it is a resume of what has been written about this distinguished American together with some refreshing comment on the activities of a very busy life. As one again peruses the pages recording the manifold accomplishments of this man he cannot but feel that so far as versatility of talent and attainments are concerned he is yet our foremost American.

Running through all he said and did there is ever a rich vein of philosophy. He was a man of erudition as well as a diplomat and statesman, a sage as well as an inventor, a man of wisdom as well as a scientist, a savant as well as a printer, an epigrammatist as well as a man of affairs.

BENJAMIN FRANKLIN never lost sight of a lesson to be learned. He was successful in his dealings with statesmen and diplomats because he was tolerant of their views. He appreciated the gentle art of compromise.

One of the last contributions that

FRANKLIN made to this country was his work in connection with the constitutional convention that sat in his home town of Philadelphia. He did not write the constitution. Others had far more to do with the drafting of it than he. However, FRANKLIN was the man who brought the warring, selfish, suspicious, ambitious representatives of the various states together. He advocated at all times a sympathy and understanding, a feeling of respect for the views of the other man if they were sincere. When the draft of the constitution came up for adoption there was grave doubt as to what the ultimate would be. Speaking in a reverential and friendly tone, he said:

"I confess there are several parts of this constitution which I do not approve but I am not sure I shall never approve them, for having lived long I have experienced many instances of being obliged by better information or fuller consideration to change opinions even on important subjects, which I once thought right but found otherwise. It is, therefore, that the older I grow the

more apt I am to doubt my own judgment and to pay attention to the judgment of others. Most men, indeed, as most sects of religion think themselves in possession of all truths. But though many private persons think almost as highly of their infallibility as of that of their sect, few express it so naturally as a certain French lady, who in a dispute with her sister said, 'I don't know how

it happens but I meet with nobody but myself that's always in the right.'

In our insurance conferences and associations those that lead, those that impress, those that do constructive things are always willing to give ear to men who differ with them. They never become intolerant or dictatorial. There are often even more than two sides to a question.

## PERSONAL SIDE OF THE BUSINESS

C. O. Pauley, secretary Great Northern Life at Chicago, arrived home from a three weeks trip to the Canadian Rockies and Alaska. He was accompanied by Mrs. Pauley. Their daughter, Miss Pamela Pauley, returned from Colorado to greet her parents. She attended the Cowles Commission for Research in Economics at Colorado College.

Thomas B. Donaldson, who resigned as executive vice-president of the Pennsylvania Indemnity of Philadelphia and Pennsylvania Indemnity Fire when they were taken over by the Ohio Casualty of Hamilton, O., is residing at 22 Hamilton Road, Glen Ridge, N. J. He has not made any further connection.

J. W. Glenwright, managing director of the Commercial Life of Canada, has arrived in Toronto where he is supervising the establishment of the company's new head office in the Atlas building.

Sam T. Swansen, general counsel Northwestern Mutual Life, and Mrs. Swansen have returned to Milwaukee from a two months' trip to Europe and travel in the Scandinavian countries.

Honored for a quarter of a century of service with Northwestern National Life of Minneapolis at its annual picnic at the Lafayette Club, Lake Minnetonka, was W. S. Swanson, who has been a member of the home office printing and supply department staff since 1914. He was presented with a gold watch by President O. J. Arnold, and is the 13th employee to receive such an award since the custom was started three years ago.

M. C. Nelson, Des Moines manager Equitable Society, and president of the Des Moines Safety Council since its inception in 1934, has been named as a member of the Iowa state public safety advisory committee by Governor Wilson.

In the issue of the Louisville "Courier-Journal," Aug. 1, I. Smith Homans, vice-president Commonwealth Life of Louisville, contributes a very valuable article on "Life Insurance Gives Systematic Savings Programs to Masses." He points out in a readable way what life insurance does in the way of protection. It is written for the man on the street, so to speak.

Wilson M. Brooks, agent at Richmond for the Sun Life of Canada and a former president of the Virginia Life Underwriters Association, ran seventh in the legislative race in the Democratic primary last week in which six candidates were nominated.

What is believed to be a national record for total number of years in the service of one company has been set by

the Noble family with a total of 151 years of service with the New England Mutual Life. The late G. W. Noble of Omaha was with the company for 42 years. His son, Will F. Noble, is general agent there and has a service record of 26 years. Will F. Noble recently received the Tiffany medal from the company for his service.

Dave Noble, another son of G. W. Noble, accounts for 18 years service. H. W. Noble of Lincoln, brother of G. W. Noble, is now in his 39th year, and his son, Myron Noble of Lincoln, has 26 years to his credit.

C. J. McCoy, manager of the Mutual Life of New York in Cincinnati, an alumnus of Miami University at Oxford, O., was present this week at the centenary of Beta Theta Pi being held in the latter city.

J. P. Licklider, former director of public relations, advertising and publicity of the Missouri State Life, is to head the school of advertising and salesmanship in the Missouri Institute of Accountancy and Law, which will begin classes Sept. 28 in the institute.

R. E. Irish, president of the Union Mutual Life of Portland, Me., is in the Maine General Hospital at Portland, where he is making a nice recovery following an operation performed last Saturday for the removal of his gall bladder.

T. F. Tarbell, actuary of the Travelers, has been appointed to the faculty of the newly established Hartford College of Insurance and will teach the course in insurance organization and management.

George W. Davy, 63, general agent Home Life of New York, died in Salt Lake City following a brief illness. A native of Cleveland, Mr. Davy until 1913 lived in Cripple Creek, Colo., where he was engaged in the assaying business. In 1914 he entered life insurance in Salt Lake City as special agent for the Home, later becoming general agent. Two sons, Elmer F. and Hugh W., will continue the general agency under the name of Davy & Davy.

E. M. Portall, 42, with the home office of the National Life of Vermont for 20 years, died following an operation.

James W. Edgerton, vice-president of the New Jersey State Life Underwriters Association, and for ten years president of the Trenton association, was killed in an automobile crash near Phillipsburg, N. J. He had been with the Provident Mutual Life 27 years. He was associate general agent with headquarters in Trenton, affiliated with the Bert Stowell agency in New Brunswick, N. J.

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## NEWS OF THE COMPANIES

### Sizable Gains Experienced by Country Life

Country Life of Illinois experienced a gain of insurance in force of \$6,300,000 for the first seven months of this year, bringing the total amount of insurance in force to \$131,455,000.

The company, which writes farm lives very extensively, is now in its 11th year and has experienced an average gain of insurance in force of \$1,000,000 per month. It operates only in Illinois.

The setup of the company is peculiar in that it has practically no prospecting problems because of its connection with the Illinois Agricultural Association which has more than 70,000 members. This provides a list of preferred leads, and enables the company to secure business at a considerably lower acquisition cost than is experienced by most life companies. There is a general agent in each of the 96 farm bureau county offices and the country is divided up into four sections each watched over by a supervisor. Each agent is kept well informed and well trained through the holding of regular training schools throughout the year.

### McComb Company Fidelity Life

OKLAHOMA CITY—The name of the Security Life of Oklahoma City has been changed to the Fidelity Life and an amended charter obtained. T. J. McComb is president; W. B. Hayes, vice-president; Noreena Paulin, secretary-treasurer, and T. M. McComb, actuary. Par value of the stock was changed from \$1 to \$10. Capital is \$50,000. The home office was removed from Muskogee last January when the company was purchased by its present owners.

T. J. McComb, a former Oklahoma commissioner and later for many years a consulting actuary in Oklahoma City, was at one time president of the Great Republic Life of Los Angeles, which was taken over for rehabilitation by the California department in 1934 and recently reinsured in the Postal Union Life. Mr. McComb and his associates in 1932-3 controlled the Great Republic, the Royal Union Life of Des Moines, later reinsured in the Lincoln National, and the Oklahoma Southern Life, reinsurance in the Great Republic.

### Big Increase for Old Line

MILWAUKEE—For the first six months new life sales of the Old Line Life of America increased 19 percent and accident and health premiums showed a 40 percent gain, President John E. Reilly reported at the quarterly directors' meeting. Total life insurance in force has increased to \$79,320,010, showing a greater gain the first half of this year than for the entire last year. The ratio of life policies renewing exceeded the 1938 period by 24 percent. Total assets of the Old Line Life increased to \$22,096,457. Gross income was \$1,929,926, a gain of \$92,820. Payments to policyholders and beneficiaries totaled \$972,057.

Officers of the Old Line Life and home office employees, with their families, held their annual outing at Browns Lake, Wis.

### Made Insured Loan Manager

E. B. Hocker has been appointed manager of the insured loan department of the Missouri Insurance Company, St. Louis. A son of Lon O. Hocker, of the law firm of Jones, Hocker, Gladney & Grand, at one time he was associated with his father in that firm, but more recently was on the staff of the Bank of America in Los Angeles.

He will supervise the insuring of lives of borrowers from banks and trust companies, a type of insurance that cancels notes on the loan in the event the borrower should die.

### Southwestern Stock Held in St. Louis Offered to Texans

DALLAS—The 25,000 shares of Southwestern Life stock held by the General American Life of St. Louis are being offered to Texas buyers. The par value of the stock is \$10 per share and it is being sold at \$36.

Through the sale the entire ownership of the Southwestern Life will be vested in Texans. It is a Texas company and operates only in this state. President C. F. O'Donnell made it plain that the sale of the stock involves no new issue. The capital structure is not affected in any way. The General American has decided to sell its Southwestern stock and the Southwestern favors distribution of the issue to Texans rather than to follow the usual method of acquiring it itself and then redistributing to present stockholders. Under the arrangements present stockholders may get the stock if they apply first. Otherwise it will go to other Texans.

### Service Life Will Not Appeal

LINCOLN, NEB.—The Service Life will not appeal from the finding of the district court that "excessive" dividend charges totaling \$216,000 against participating policyholders are not proper. It has paid the \$5,000 attorney fee awarded the policyholders' legal representative, and the costs. It ceased making these charges when the suit was instituted. The court finding included a statement that officers had not diverted, converted, misappropriated or misappropriated any funds.

### Whitfield Life Licensed

DALTON, GA.—The Whitfield Life has been licensed here. It has more than \$500,000 insurance in force.

Officers are: T. W. Kenemer, president; Mack Kenemer, first vice-president; Homer Hackney, second vice-president; H. C. Kenemer, treasurer; J. T. Smith, secretary; D. W. Mitchell, legal adviser, and Dr. G. L. Broadrick, medical examiner. All are from Dalton.

### Reduces Age Limit to 14

Connecticut General Life announces that it has reduced the age limit for accident and health insurance on children from 16 to 14. Three policy forms are available for children in the 14-16 age group. The reduction of the age limit to 14 appears to be a recent depart-

ure generally. United States Fidelity & Guaranty just recently announced taking the same action.

### Eteson Becomes Statistician

James H. Eteson has resigned as assistant superintendent of agents of the State Mutual Life and has been appointed assistant statistician.

### Leiter Leads Dominion Agents

DETROIT—Moe Leiter, Detroit, led the entire agency force of the Dominion Life in production during the Golden

Jubilee club year 1938-39, and becomes president of the top honor group, the Hilliard Club. Mr. Leiter has led the Michigan division each year since 1935.

F. F. Simpson, Detroit manager, will be host at a luncheon honoring Mr. Leiter aboard the "Duchess of Richmond" en route to the company's convention in Quebec, Aug. 21-23.

T. S. Malone of the Detroit branch, second in production in Michigan, has been named vice-president of the club for the Michigan division. The Detroit branch has held first place in placed business in 1939.



## Do you know?

Total new Business placed in force made last month the greatest July in the history of the Company.

Business in Force has now increased to over \$616,900,000.

The  
**GREAT-WEST LIFE**  
ASSURANCE COMPANY  
Head Office—WINNIPEG

FIRST POLICY ISSUED 1871  
**SUN LIFE**  
ASSURANCE COMPANY OF CANADA  
HEAD OFFICE MONTREAL

SIXTY EIGHT YEARS OF PUBLIC SERVICE

## LIFE AGENCY CHANGES

### W. S. Smith Now Has All of Kentucky

Massachusetts Mutual Life discontinued its Lexington, Ky., agency Aug. 1, on resignation of L. B. Averett, general agent, all of Kentucky now being included in the Louisville territory, with W. S. Smith general agent for the state.

Mr. Smith entered the business in 1923, in the St. Louis agency of the Massachusetts Mutual. In November, 1934, he became general agent of the Pacific Mutual Life at St. Louis, but returned to the Massachusetts Mutual in May, 1937. His annual personal production has ranged upward to more than \$750,000.

In 1933 he was elected vice president of the Massachusetts Mutual Agency Association and in 1934 was made president. In 1933 he was elected second vice president of the Missouri Life Underwriters Association. For five years he was a member of the executive committee of the St. Louis Life Underwriters Association, being elected second vice president in 1937 and first vice president in 1938.

#### General Agent at Hagerstown

The Bankers National Life of Montclair, N. J., has announced the appointment of Reuben Seegel as general agent for Hagerstown, Md. Although Mr.

Seegel makes his home in Hagerstown, much of his time is spent in Franklin county, Pennsylvania. He intends to devote considerable time in personal production but plans for the development of his new agency call for expansion in Franklin county as well as the Hagerstown territory. Mr. Seegel has had an extensive sales experience in the mercantile field as well as insurance.

#### Lucian T. Jones in Charge of Texas for Amicable

Lucian T. Jones, San Antonio, Tex., has been named director for Texas by the Amicable Life of Waco. He joined the company 11 years ago as a personal producer. After two years, he was appointed field supervisor and five years ago he was appointed south Texas agency manager. He will have headquarters in San Antonio.

Mr. Jones has been active in association work, having served as president of the San Antonio Association of Life Underwriters. He is now vice-president of the Texas association.

#### Roberts Goes with National as Maryland General Agent

George P. Roberts has been named Maryland general agent by the National Life of Vermont with headquarters at Baltimore. Mr. Roberts was formerly

a member of Goldsbury & Roberts, general agents for the Northwestern Mutual in Pittsburgh, and has had much experience in the training of life underwriters and in estate planning, program selling and business insurance work in urban centers.

He is a native of Elizabeth, W. Va., and graduated from West Virginia Wesleyan University. He started in insurance as district agent of the Northwestern Mutual at Clarksburg, W. Va., and later became general agent for West Virginia, at Wheeling, in the Law & Roberts agency.

Isaac S. George, who has been general agent in Baltimore for the National Life for several years, will remain as associate general agent, as will W. P. Stedman.

#### Newark Agency Makes Good Gains

NEWARK—The Fred Lieberich, Jr., general agency of the State Mutual Life in Newark made a 36.35 percent gain in paid for business for the first six months. The agency is now in its 65th year. Mr. Lieberich is a former president of the Life Underwriters Association of Northern New Jersey and has been general agent since 1936.

#### McCasky Agency Assistant

R. P. McCasky has been appointed agency assistant for the A. R. Houle Massachusetts Mutual agency, Chicago.

Mr. McCasky and Mr. Houle are associates and friends of long standing, having been together in the A. A. Drew Mutual Benefit agency in Chicago prior to Mr. Drew's retirement. Mr. McCasky has been 15 years in the life insurance business, all but two of which have been with the Mutual Benefit Life in Chicago. For two years he was with the H. G. Swanson agency of New England Mutual. He attended Dartmouth and Chicago university.

Mr. McCasky has specialized in selling program insurance ever since he entered the business. He goes from the Parsons Agency of Mutual Benefit, where he was a leading producer.

#### Knight Named in Mississippi

J. S. Knight has been named as general agent for Mississippi for the Provident Life & Accident with headquarters in Jackson. He has been in the insurance business 10 years. D. B. Morgan will be associate manager.

#### Names Two in Oklahoma

The St. Louis Mutual Life, which recently entered Oklahoma, has appointed Virgil A. Gaston and Vester C. Gaston general agents in that state.

#### Mills Named by Manhattan

Charles G. Mills, in life insurance for 15 years in Dallas, has been appointed San Antonio, Tex., general agent for the Manhattan Life with offices in the Milam building.

#### Grainger with Amicable

The Amicable Life has appointed Vincent Grainger manager in Houston. He has been prominent in life insurance managerial circles in Houston and Dallas for several years. Most recently he was manager at Houston for the Protective Life of Birmingham.

#### Opens Omaha Branch Office

The Business Men's Assurance has opened a branch office at 777 Insurance building, Omaha, with O. C. Mosman, Jr., as manager. A housewarming was held Aug. 4.

#### NEWS BRIEFS

Fred S. Staples has been appointed district agent of the Lincoln National Life in Negaunee, Mich., operating under the Green-Parr general agency in Grand Rapids.

William B. Ferrell has been appointed district agent at Richmond, Va., by the

John Hancock Mutual Life. He was formerly an agent of the Connecticut Mutual.

The home office agency department of the Kansas City Life is operating Kentucky temporarily, following Howard W. Ogilvie's resignation as general agent.

The Great Northwest Life of Spokane has opened new offices in the White building, Seattle, and appointed J. M. McGovern assistant director.

B. W. K. Edmonds has been appointed manager of the Ottawa, Can., agency of the Montreal Life and John Roney has been named district supervisor at Ottawa. It is also announced that Frederic Michaud has been appointed manager for the company at Riviere du Loup, Quebec.

## INDUSTRIAL

### Colonial Life Has River Excursion

Managers, agents and hundreds of policyholders of the Colonial Life in western Pennsylvania enjoyed an all-day excursion on the Ohio river on the S. S. St. Paul. Inspectors of Agencies Silvester and King were on hand from the home office.

Managers present included H. Braun, Beaver Falls; J. Barilla, Braddock; C. Miller, Butler; M. Scarnate, Charleroi; M. Ruane, East Liberty; J. Offie, Greensburg; C. F. Aicher, Pittsburgh; C. T. Jennings, Uniontown; and A. Farrell, Connellsville. Mr. Aicher was in charge, assisted by other western Pennsylvania managers.

Manager Braun won the title of "captain" and the right to wear the captain's hat during the cruise by leading during hat during the cruise by leading during excursion. Awards were made to agents having the best records in industrial increase, ordinary business placed, and monthly intermediate.

Dancing and a picnic lunch were features of the outing. Colorful Hawaiian leis contributed to the cruise atmosphere.

#### American National Transfers

A. T. Krauss, formerly assistant superintendent of the American National at Fort Worth, Tex., has been transferred to Tyler, Tex., as superintendent.

J. D. Little has been appointed agency organizer at Waco, Tex., B. D. Burke at Harlingen, Tex., G. L. Darby at Beaumont, and J. V. Freeman at Cleburne.

#### Smith Made Omaha Manager

E. L. Smith, superintendent of the Wichita office of the National Life & Accident, has been appointed manager in Omaha. He is succeeded in Wichita by F. R. Toews.

The Prudential opened an office at 218 Rosenwald building, Albuquerque, N. M., which for the time being will be under the jurisdiction of the Denver agency.

## ASSOCIATIONS

**Sheboygan, Wis.**—The annual golf tournament and outing was held at Riverdale Club, arranged by a committee headed by William Gottsacker with Roman Wagner co-chairman. Francis Planting, president Manitowoc association, was a special guest.

**Salt Lake City.**—John P. Williams, Philadelphia, director of the American College of Life Underwriters, spoke on "This Business of Education." Intensive study in life underwriting, Mr. Williams said, has proved most valuable in giving the agent more confidence in himself and his ability to make a proper presentation to his prospects.

The annual field day will be held Aug. 23.

# THE Mutual Benefit LIFE INSURANCE COMPANY

Organized 1845



Newark, N. J.

August 11, 1939

## LIFE INSURANCE EDITION

13

## AS SEEN FROM CHICAGO

## SIEGMUND MAKES PROGRESS

William H. Siegmund, manager brokerage department of the Charles J. Zimmerman agency of the Connecticut Mutual Life in Chicago, celebrated his second anniversary with an increase of 78.7 percent. The agency now has 162 brokers, a growth of 53 percent.

Mr. Siegmund assists Mr. Zimmerman in conducting the brokers seminar courses. The 49th such course sponsored by Mr. Zimmerman is to be started October 2.

## VALUATION OF SINGLE PREMIUM

The "Estate & Tax News" says as to the valuation of single premium insurance policies: "The provisions of the federal gift tax regulations relating to the valuation of single premium insurance policies are 'at best arbitrary and inconclusive,' the board of tax appeals recently stated. Ordinarily, the value of property for tax purposes is the amount that a 'willing buyer' would pay to a 'willing seller,' neither being under any compulsion to buy or to sell. In the case of life insurance, however, sales are unusual, and resort must therefore be made to some other criteria of value. The regulations accordingly prescribe that the value of a single premium policy is what a similar policy would cost if purchased on the life of the donor on the date of the gift. Regulations 79 Art. 19 (9).

"Disregarding the regulations, the board held (E. A. Cronin, 37 B.T.A. No. 134) that the value of a single premium policy should be based on its cash value. 'The cost of a similar new policy,' the board said, 'may be more or less than the present value of an existing policy, depending on factors which the regulation disregards.' Premium rates, for example, the board pointed out, might decrease or increase from year to year without affecting the value of an existing policy.

"A few weeks later the board reaffirmed its position, and applied the same rule in a case (Mary H. Haines, 37, B.T.A. No. 149) where the policies were issued on the day that the gift was completed.

"Although it is possible that a computation of value under the regulations will produce a lower figure than the cash value, in most cases the reverse will be true—that is, the board's method of valuation will generally result in a lower tax than the method provided by the regulations."

## SWANSON AGENCY IS SECOND

A 45 percent increase in paid production was recorded by the H. G. Swanson general agency of New England Mutual Life, Chicago, in the first half year, putting it second countrywide among New England's 70 agencies. Paid business for six months was \$3,081,000.

## THORSEN JOINS PARSONS AGENCY

Waldo D. Thorsen, many times a million dollar producer, has become associated with the Bruce Parsons agency of Mutual Benefit, Chicago, continuing a connection first begun by his father in 1907. He is celebrating his 25th anniversary in life insurance, which he entered at the age of 18 as a member of the firm of J. B. Thorsen & Son. Mr. Thorsen's peak year was 1931, when he collected \$30,000 in annual premiums.

## O'MAHONEY TO DISCUSS U. S. PROBE

U. S. Senator Joseph C. O'Mahoney, chairman of the senate monopoly investigation, will speak in Chicago, Aug. 14, on "The Temporary National Economic Committee," telling what it has accomplished, as he sees it, and what it hopes to achieve in the study of the American economic situation. This will be a lecture in a series conducted by the National Institute at Northwestern University.

sity. H. C. Atkinson, administrator Ohio Bureau of Compensation, will speak Aug. 16 on "Unemployment Compensation and Its Future."

## BROKERAGE BUSINESS FALLS OFF

Little brokerage life business is being secured by Chicago life offices, it appears. As a result the brokerage department supervisors are having to dig deeply for the business. Life insurance selling now demands a more thorough and informed job than most general insurance brokers are able or willing to do, according to E. C. Hintzpter, assistant manager Mutual Life of New York Hintzpter agency. The career life insurance man operating on a full time basis is the only one who is really able to produce the business in these times, he said. In normal times Chicago agencies expect to get at least one-third of their production from general brokers. Some get one-half or more. One large agency last year, however, received only 17 percent from brokers and the remainder from full time agents in the office. This experience clearly shows the trend, Mr. Hintzpter points out. He says the times demand of life offices concentration on developing and training a full time agency force, capable of simple or more elaborate programming and doing a low pressure selling job. At present sales closed by programming are mainly through simple setups. There is a considerable amount of insurance being sold to cover taxes and also many people still are buying various life insurance contracts for investment purposes, he finds.

## HENDERSON AGENCY FIRST IN JULY

The E. E. Henderson general agency of Pacific Mutual Life in Chicago led all that company's agencies in business written in July. It is ahead for seven months this year of the same period in 1938. Victor M. Sieving, fourth-year agent who has been successful from the start, is eighth in production countrywide for personal business so far this year. In a six weeks' "rejuvenation and reincarnation" campaign just concluded in the agency, \$675,000 of life and accident business was written, with 102 applications. Mr. Henderson reports his agency has paid 325 claims totaling \$182,040 in the last five months.

The William M. House general agency of the John Hancock Mutual Life in Chicago is holding a special balloon sales contest during the summer months.

## MANAGERS

## Report on 1939 Examinations

At the June examinations in life insurance agency management by the American College of Life Underwriters, held concurrently with the C.L.U. examinations, 14 candidates from seven cities in seven states took either or both of the two parts into which these examinations are divided. Only persons who have previously passed all of the C.L.U. examinations and earned the C.L.U. designation or certificate of proficiency are eligible to take management examinations.

Of the 12 candidates who received credit for either or both of the examinations taken, 10 completed the program this year and will be awarded the college's certificate in life insurance agency management at the annual conference in St. Louis, on Sept. 28. This makes a total of 67 who have qualified for this certificate in addition to having previously received the C.L.U. designation or certificate of proficiency.

## Offers Agents Specific Help

The plan of sending out a letter to agents offering them help on a number of different problems is being tried by C. L. Coyner, manager Mutual Life of New York, Chicago. Mr. Coyner has suburban territory so that he is not in immediate contact with his men. He is sending out a letter in which about 15 or 20 questions are listed on which men have sought help. By getting his agents to check these questions he is thus able to treat specific problems when he confers with them. In doing this he devotes considerable time to each question.

Personal problems interfere with production quite often. Mr. Coyner says if these can be eliminated by talking to the agent and clarifying his mind, production can be increased.

Transferring men from one town to another is not a good plan in Mr. Coyner's opinion. If a producer's wife and children are taken away from their familiar surroundings they are upset, which adds to the discouragement which any agent is bound to face.

## Hammond Seattle Speaker

Wilmer M. Hammond, Los Angeles general agent Aetna Life, spoke at the meeting of the Seattle Life Managers Association.

Prospect with accident and health. Read *The Accident & Health Review*, \$2 a year. 175 West Jackson Blvd., Chicago.

## Penn Mutual Five Star Club Leaders Are Given

July was a most successful month for the Penn Mutual, which celebrated the fifth anniversary of its Five Star Club, an organization composed of field men who pay for five life insurance cases each month. Last month showed an increase of 80 percent in the number qualifying, compared with July of a year ago. New business in July exceeded that of July, 1938, by 2 percent.

Ivan M. Denton of the Clover agency at Kansas City became national president of the Five Star Club by virtue of his production of 27 paid cases, and J. B. Eckenrode of the Johnson agency at Pittsburgh, with 22 cases, was vice-president.

Harold Pfeffer of the Adler Agency, New York, was tied with S. B. Urso of the Lawrence Agency, West Virginia, for the presidency of the eastern zone. E. C. Miller of the Eddleblute Agency, Denver, tied with A. S. Jessup, same agency, and with William Wisdom of the Fickas Agency, Phoenix, Ariz., for the presidency of the western zone.

In the central zone, Ray Longden of the Patterson agency, Indianapolis, was president and in the southern zone the president was Walker Laramore of the Webster Agency, Jacksonville, Fla.

The State Farm companies are holding a California state convention in Stockton, Aug. 11-12.

## CONVENTION DATES

Aug. 15-18—National Fraternal Congress, Statler Hotel, Detroit.

Aug. 21-24—Canadian Provincial Insurance Superintendents, Mt. Royal Hotel, Montreal.

Aug. 28-30—Federation of Insurance Counsel, Westchester Country Club, Rye, N. Y.

Aug. 30-Sept. 1—International Association of Insurance Counsel, Homestead Hotel, Hot Springs, Va.

Sept. 11-13—International Claim Assn., Westchester Country Club, Rye, N. Y.

Sept. 14-16—Institute of Home Office Underwriters, Kansas City, Mo.

Sept. 27-29—Life Office Management Association annual meeting, Hotel New Yorker, New York.

Sept. 27-29—National Association of Life Underwriters, Jefferson Hotel, St. Louis.

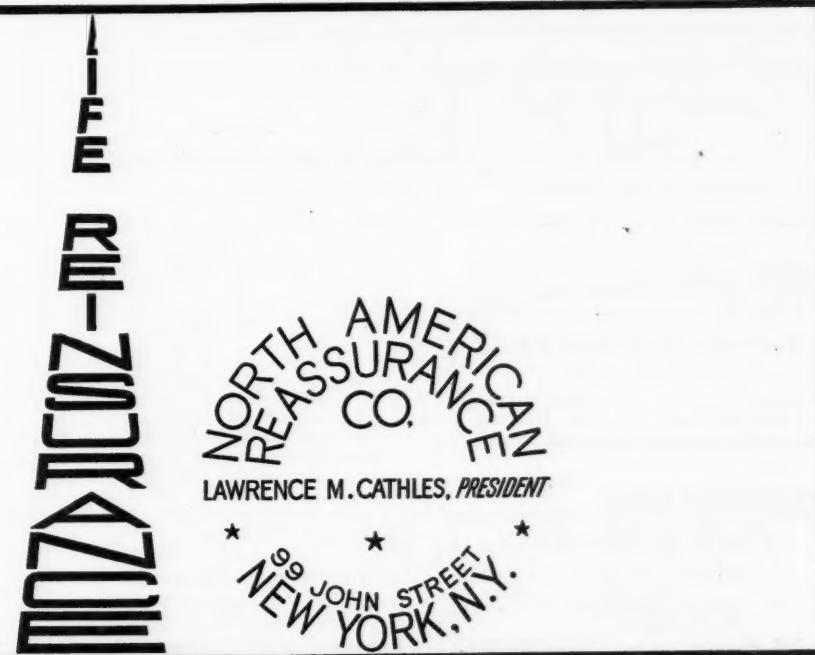
Oct. 1-3—Insurance Advertising Conference, Statler Hotel, Boston.

Oct. 2-6—American Life Convention, annual meeting, Edgewater Beach Hotel, Chicago.

Oct. 16-18—Life Advertisers Assn., Hotel Statler, Detroit.

Oct. 23 (entire week)—Annual Message of Life Insurance.

Nov. 2-3—American Institute of Actuaries, Edgewater Beach Hotel, Chicago.



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**FRANK M. SPEAKMAN**  
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 Fred E. Swartz, C. P. A.  
 E. P. Higgins  
 THE BOURSE      PHILADELPHIA

## LIFE SALES MEETINGS

## Lamar Life "Stars" Sail to New York

The Lamar Life's annual agents' convention was held on land in New Orleans and on sea aboard the "S. S. Dixie" enroute to the New York fair. President P. K. Lutken and Vice-president W. D. Owens headed the convention cruise.

The land meeting was attended by the All Stars and the Conventioners and then the All Stars sailed for New York with a meeting scheduled on ship board. The New Orleans program included



P. K. LUTKEN

talks by President Lutken and Vice-president Owens and Dr. J. O. Segura, vice-president and medical director.

District managers and agents who took part in the New Orleans program were: W. C. Buckley, Jackson, Miss., who spoke on "Selling the Company"; C. L. Maxwell, Taft, Tex., on "Building Prestige"; D. B. Aycock, Jonesboro, Ark., on "Quality Business"; W. E. Watts, Brookhaven, Miss., on "Time Value"; E. W. Inmon, Pontotoc, Miss., and John W. Hix, Midland, Tex., on "Consecutive Weekly Production Pays"; George H. Brunson, Jackson, Miss., on "Average Sale per Number of Calls"; and Henry C. Allen, Meridian, Miss., and Frank Phillips, Lebanon, Tenn., on "New Selling Slants."

The All Stars will return from New York by train with scheduled stop overs in Washington, D. C., and Louisville, Ky.

## Educators Mutual Conference

About 115 managers, agents and their wives will attend the annual agency convention of the Educators Mutual Life of Fort Worth Aug. 28-30, which will also be attended by company officials and leading investors.

Speakers will include J. W. Pender, board chairman; Dean Colby D. Hall of Texas Christian University, Fort Worth; Dr. E. M. Waits, president Texas Christian University; L. W. Rogers, vice-president, and W. J. Laidlaw, president Educators Mutual. Life Commissioner Woodward of Texas and B. Werkenthin, vice-president of the American National of Galveston, have also been asked to speak. W. L. Rawlings, executive vice-president, will be toastmaster at the banquet.

## Ohio State Agents Meet

Ohio State Life agents in a dozen southwestern Pennsylvania counties met at Uniontown. Frank L. Barnes, agency vice-president, spoke.

## Columbian National Leaders Hold Rally

BOSTON—President F. P. Sears of the Columbian National Life greeted the annual conference of the Star Producers Club of his company at its opening at the home office here, with the encouraging announcement that the company was showing a 19 percent increase in business the first six months, with a 7 percent lower mortality. It was the first meeting of the club in Boston since 1930 and a busy program of two days here and one in New York was carried out.

Over 100 members were present and 250 attended the annual dinner.

Jack McCord of Los Angeles came the longest distance. A. C. Newell of Atlanta, 34 years with the company, was the oldest agent present in point of service while William S. Vogel of Newark was the largest producer of the group, which automatically makes him president.

Following the welcome of President Sears, E. G. Horne of Boston spoke on "Ninety Percent of Your Success"; Hugh Lindsay of Boston on "Policyholders Are Valuable"; R. A. Freeman, Idaho Falls, Ida., "47 Times in a Row"; John E. Spiegel, Indianapolis, "Father Time"; Otto M. Bell of New York City, "Special Bulletin 113-D," and L. E. Johnson, Wichita, Kan., "Life Insurance vs. Oil." J. S. Brauning, Boston general agent Massachusetts Mutual Life, and L. L. Howard of the home office were the concluding speakers.

F. D. Duke, advertising director of "Time," was the principal speaker at the banquet, preceded by talks by Commissioner Harrington of Massachusetts, W. G. O'Hare, representing the mayor, and President Sears.

R. A. Freeman, vice-president of the

club, presided at the morning business session Tuesday. Greetings were extended by Vice-president John K. Howard. Joseph A. Kelly, assistant to the vice-president, spoke on "Machinery for Magic." R. G. Ward discussed "Compliments and Complaints" and C. F. Lee, accident and health, had something to say about "Old Doc Yankee." "A Good Texas Steer" was treated by Leonard O. Kirschner and T. Robert Harrigan of the Shearer agency, Boston, and Assistant Secretary N. R. Kinney told "How to Pick 'Em." Office Manager A. J. Calef spoke on "Knowing Where to Tap;" Claim Manager L. F. Murphy on "More Profits for You;" Medical Director Hugh W. Crawford on "70% in 24 Hours" and General Agent Jack McCord of Los Angeles on "Selling Is a Game."

The Boston program concluded with a luncheon in the home office and early in the afternoon the members of the Star Producers Club, with several home office officials left for New York by various routes for a visit to the fair and still another business session in New York Wednesday morning.

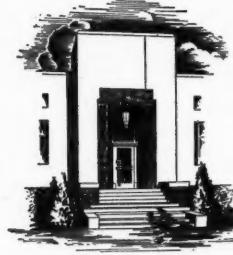
## Wisconsin National Agents Meet

OSHKOSH, WIS.—The Wisconsin National Life held its annual agency conference at the home office here for two days, field representatives from Wisconsin, Minnesota, Michigan, Illinois and Indiana attending. Arthur James, vice-president, presided at the opening session, speakers including A. J. McAndless, president Lincoln National Life; A. C. Eastlack, actuary and assistant secretary Wisconsin National; Dr. J. M. Conley, medical director; J. L. Clark, Oshkosh; M. S. Kirkpatrick, Grand Rapids, Mich., and H. O. Benz, Ann Arbor, Mich. Greetings were extended by President C. R. Boardman.

Among speakers at the afternoon conference were G. A. L'Estrange, manager accident and health department. Agents joined with the home office staff in the annual outing at Camp Waushara.

## LUTHERAN MUTUAL

Life  
 Insurance Company  
 WAVERLY, IOWA



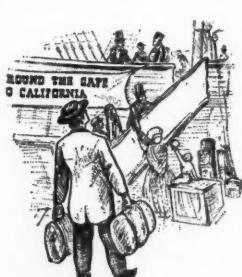
Popular Policy Forms

Reasonable Rates

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In 1850 the voyage around the Horn to California by clipper ship took from three to four months.

## We've followed them since 1850—

United States Life policyholders—venturesome souls—were among the thousands who joined the California gold-rush in 1850. Today they're found in all parts of the world. This old New York Company, as a part of its service to policyholders, operates internationally—making available to them when abroad the same sound coverage that it offers to those at home.

Write for "New Horizons."

**The United States Life Insurance Company**  
 IN THE CITY OF NEW YORK

New York, N. Y.

## Action by Congress on Social Security

(CONTINUED FROM PAGE 1)

widow of an employee covered under the social security system would receive 75 percent of the annuity her husband would have received on reaching 65, even though he died before reaching that age.

What "Life" failed to include was that the widow will not receive this income—or any other payment due to her husband's death—until (1) she reaches age 65 or (2) the children of herself and her deceased husband are less than 16 years old (or 18, if attending school). Neither did the article state that as soon as the youngest child reaches age 16 (or 18) the annuity to the widow will cease, resuming when she reaches age 65. It will also cease upon her remarriage, no matter what her age or the ages of any dependent children.

### Annuity for Children

In addition to the annuity to widows with children under the specified age limits, each child receives an annuity equivalent to 50 percent of what the father would have received at age 65. The annuity begins at the father's death and ceases when the child reaches age 16, or if attending school, 18.

In addition to removing the competitive threat of higher and higher lump sum death payments under the present system, the new plan has fostered a hope that the annuity benefits will not only spotlight the desirability of adequate income for beneficiaries but will encourage policyholders to supplement their social security death benefits with more life insurance and build real insurance programs.

One barrier in the way of selling adequate insurance programs is that prospects are discouraged by the large amount of additional insurance they find they will have to buy to get even an extremely modest income for their dependents. The gap between the annuity benefits to be provided by the government and income the family had previously been receiving is so great that there will still be a need for supplementary income unless they are to change their living standards more drastically than most husbands would care to think about.

### Provision for the Wife

The death benefit provision is the most important change but of considerable moment is the addition of an annuity income for the wife of the man who retires under the plan at 65. The wife receives an income equal to 50 percent of her husband's annuity, provided she is 65 at the time of his retirement. If she is not 65 at that time, she begins receiving when she reaches 65. If her husband subsequently dies before she does, his annuity of course ceases and so does hers, but from then on she receives the equivalent of 75 percent of her husband's annuity for the rest of her life. As already mentioned, her income would cease if she remarried. Another provision is that the annuity a widow or wife of a retired husband receives as such is diminished by whatever other social security income she may be receiving.

### Social Security Taxes

Social security taxes to be paid under the new plan will be less than those which would have been eventually called for under the existing system. The present 1 percent each from employee and employer will continue till 1943, grading up to the maximum of 3 percent from each beginning in 1949. The \$47,000,000,000 reserve called for under the existing plan—criticized from the start by actuaries as unworkable—is superseded by a pay-as-you-go basis supplemented by a \$3,000,000,000 contingency reserve. Basis of the new annuity benefits is the amount of old age income which a

given individual will receive at age 65. This income is based upon the number of years he has been under social security and the amount of his earnings (up to \$250 a month). This retirement pay figure is increased by one-half in case his wife is age 65 or more.

### Death Benefit Formula

To determine the death benefit, it is only necessary to compute what the man's income at retirement would be if he were 65, taking into account the length of time he has actually worked under social security and the amount of his earnings, up to \$250 a month. His age at the time of his death does not matter.

For example, suppose a man has a wife and three children and is under 65. At the time of his death—assuming it to occur after the new program becomes effective next January—he has been earning \$250 a month and has been working steadily as an employee under social security ever since the social security system went into effect three years ago.

The table shows that a single man, earning \$250 (or any amount in excess of that) for three years is entitled to \$41.20 a month retirement annuity. This hypothetical deceased husband's family will receive \$92.70 a month—75 percent of \$41.20 for the widow and 50 percent of \$41.20 for each of the three children as long as they are under 16 (or 18 if attending school). As each child reaches the age deadline, his or her 50 percent payment ceases. When the youngest child reaches it, the mother's 75 percent annuity also stops, but resumes when she reaches age 65.

### Table of Old Age Annuities

Following is the table of old age annuities payable to a single person, from which any of the other benefits may be readily computed:

Years under social security	Monthly retirement pay average for a single person based on monthly wage or salary of \$250			
	\$50	\$100	\$150	\$250
3	\$20.60	\$25.75	\$30.99	\$41.20
5	21.00	26.25	31.50	42.00
10	22.00	27.50	33.00	44.00
20	24.00	30.00	36.00	48.00
30	26.00	32.50	39.00	52.00
40	28.00	35.00	42.00	56.00

### Society Expands Life Course

Both Parts I and II of the life insurance course of the New York Insurance Society have been revised and expanded. This year each part will consist of a series of 25 lectures and reviews

of approximately one hour each. The course is still characteristically an elementary course designed to fit the needs of life office employees. Nine additional sessions have been added to Part I. Albert Greenland, field training division Metropolitan Life, is the instructor. He will conduct all of the Part I sessions personally.

Eleven sessions have been added to Part II. The lectures in Part II will be given by a number of individuals, each of whom is a recognized authority in his special field. Both courses will be conducted in the evening. Part I will meet

on Wednesdays from 5:15 to 6:15 and Part II on Friday evenings at the same hour.

Rudolph C. Neuendorffer, secretary Guardian Life, is chairman of the committee in charge. He and his committee have contemplated a revision of this course for over a year. During that time they have carefully studied the problem and confidently expect that the new course will accomplish its purpose.

H. E. del Castello, Houston, Tex., was awarded the Great American Life trophy for showing the greatest increase in paid business for July.

## THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA NEW YORK CITY



A MUTUAL COMPANY  
ESTABLISHED 1860

RECOGNIZED  
EVERWHERE  
AS....

"One of the Best"

CENTRAL LIFE  
ASSURANCE SOCIETY  
(MUTUAL)

Home Office  
DES MOINES

## NEWS ABOUT LIFE POLICIES

By JOHN H. RADER

New Policies, Premium Rates, Dividends, Surrender Values, and all Changes in Policy Literature, Rate Books, etc. Supplementing the "Unique Manual-Digest" and "Little Gem." Published Annually in May and March respectively. PRICE, \$5.00 and \$2.50 respectively.

### Phoenix Mutual New Policy

The family security policy of Phoenix Mutual provides maximum insurance protection during the early years, reducing in later years when family responsibilities have lessened.

Each unit contains \$10,000 of initial insurance, reducing at the end of 10 years to \$8,000, then reducing at the end of 15 years to \$6,000, and reducing again at the end of 20 years to \$4,000, at which amount it will continue throughout life. The policy thus combines \$4,000 of annual life insurance with \$2,000 each of 10, 15 and 20 year temporary insurance. The annual premium for the entire contract, except for disability and double indemnity benefits, is level throughout the lifetime of the insured if none of the temporary insurance is converted or discontinued.

#### Disability, Double Indemnity

The contract may contain disability benefits providing for waiver of premium and a monthly income of \$5 for each \$1,000 of insurance in force at the time of disability if such disability commences before the anniversary nearest the 55th birthday of the insured. Double indemnity benefits may also be included, which will provide for paying an additional amount equal to the face amount of insurance in force at the death of the insured.

The minimum policy that will be is-

sued under this plan is that providing for initial insurance protection of \$10,000. Policies will be issued on male lives only, at rated ages 20 to 45, inclusive. Herewith are rates and dividend estimates for initial units of \$10,000:

Age	Annual Premium	Div. Pre-1st Year	Div. 20th Year	Total Years	Ac-
					Div. 20 Yrs.
20	\$93.02	\$10.88	\$16.84	\$285.04	\$396
21	94.88	11.12	16.92	287.48	396
22	96.88	11.32	17.04	289.92	400
23	98.88	11.48	17.12	291.00	404
24	101.10	11.64	17.23	293.04	408
25	103.38	11.88	17.44	294.76	408
26	105.82	12.08	17.56	296.52	412
27	108.44	12.32	17.80	298.80	412
28	111.26	12.60	18.00	300.20	416
29	114.24	12.80	18.24	301.44	420
30	117.54	12.80	18.52	304.12	424
31	121.04	12.72	18.80	305.28	424
32	124.88	12.72	19.08	308.44	428
33	129.04	12.64	19.36	310.76	432
34	133.52	12.64	19.60	313.28	436
35	138.40	12.64	19.96	317.52	440
36	143.62	12.64	20.20	320.28	444
37	149.34	12.68	20.48	324.76	448
38	155.52	12.72	20.72	328.68	452
39	162.26	12.80	20.96	333.68	456
40	169.56	12.92	21.16	338.20	464
41	177.46	13.04	21.32	343.04	472
42	186.02	13.16	21.48	348.72	480
43	195.32	13.28	21.56	353.16	488
44	205.40	13.48	21.56	358.00	496
45	216.36	13.72	22.36	364.60	504

### American Mutual Life Makes Changes in Policy Forms

American Mutual Life has revamped its policy format in modern style and announced a special mortgage plan. The old fashioned bond border is discarded, the company's name being printed in an individualistic style of lettering which

was standardized on all of the printed material, and the American bald eagle was adopted as an emblem.

The policy face was greatly simplified, with better readability and verbiage reduced.

Aeronautical and submarine restrictions were eliminated and hereafter will be handled by rider when deemed necessary. For the time being, settlement options, rates and values, which have been on a 3 percent basis since 1936, will remain unchanged.

Change in provisions was made in juvenile forms so ownership of the policy reverts to the insured child when he attains age 21. Another change provides that if the owner-parent dies the surviving parent automatically becomes owner of the policy if he or she is named as a beneficiary, until the insured child attains age 21.

The new "home guaranty plan," with annual renewable reducing term insurance to age 60, was announced to provide coverage for amortized mortgages repayable by uniform annual payments over a period of years and to be sold through building and loan associations, banks and other lending agencies. Insurance coverage is in odd amounts, according to monthly premiums in multiples of 25 cents and reduces annually until age 60, when the policy terminates. Provision is made for conversion without medical examination during the first five years to any life or endowment form for the amount of insurance in effect at time of conversion.

### Bailey Case Decision Ignored by Federal Judge

(CONTINUED FROM PAGE 1)

U. S. 15, on the ground that it was a tax on transfers intended as substitutes for testamentary disposition.

"Life insurance is not, however, inherently testamentary in character: it is more often procured with a purpose to protect dependents from loss of support than it is with any idea of transferring property in anticipation of death. Moreover, the supreme court in numerous expressions has indicated that some shifting of interest as a result of death is necessary to support the tax unless there is a transfer in contemplation of death. See *Reinecke v. Northern Trust Co.*, 278 U. S. 339, 348; *Helvering v. St. Louis Trust Co.*, 296 U. S. 39, 43. I do not read the case of *Helvering v. Bullard*, 303 U. S. 297, as holding to the contrary, for there the provision of the statute was explicit, and admitted of no other interpretation than that it applied to the particular transfer under consideration."

#### Disability Decision Given

The appellate term of the supreme court of New York state, first department, has handed down a decision affirming a verdict returned by a jury in the lower court on behalf of Adolph Goldberg against the Metropolitan Life for total and permanent disability benefits. The case involved two issues: Whether man suffering from angina pectoris, who is physically able to leave his house and take short walks, is totally and permanently disabled, and whether an assured is conclusively bound by the statement of age in his application for citizenship papers.

In his policy application, Goldberg stated that he was born in April, 1876. The company resisted the claim on the ground that in December, 1935, when he claimed the disability commenced, the plaintiff was 60 years of age, and that he was partially but not totally disabled. The plaintiff contended that he had been ailing since 1928, that he suffered a heart attack Dec. 10, 1935, that he was 59 years of age at the time, that he was advised by physicians to give up business entirely; that he had not worked since that time; that in disobedience to doctors' orders he drove a car several times in 1936, but not since then. His doctors testified that he was suffering from angina pectoris. In his application

for citizenship papers, which the plaintiff signed and swore in 1913, contained the statement that Goldberg was born in April, 1875. He testified that the entry was not in his handwriting, that it was a mistake. He said he was born April, 1876.

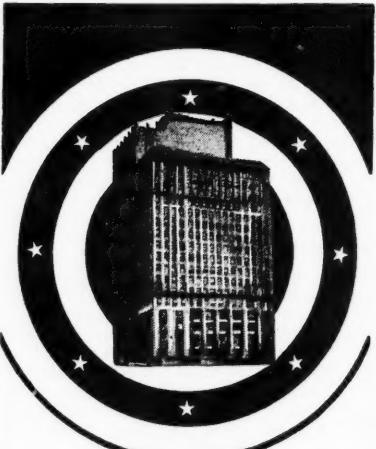
Justice Kahn held that neither the application and petition for naturalization nor the decree of naturalization entered thereon were conclusive evidence of the year of birth of the plaintiff, and that plaintiff could offer proof that the statements of age contained in said naturalization papers were erroneous.

The court also held that the disability provisions of life policies must be reasonably construed, and that an assured need not be absolutely helpless in order to be totally and permanently disabled; that, if the jury found that the physical activity, mental strain and worry incident to any other work or business would aggravate the plaintiff's illness or endanger his life, then it must find that the plaintiff is totally and permanently disabled.

#### Curtail Wholesale Recruiting

While the trend toward fewer and better qualified agents has been in evidence for several years, stimulated by the results of various surveys and research work, there seems to be a greater acceptance of the idea from a practical standpoint than there has been in the past. Theoretically the idea is sound but it has not always been put into practice. In recent months, however, there doesn't seem to be as much crying for new men and recruiting. General agents and managers seem to be actually, not only theoretically, committed to the thought that a few men with good production are more desirable than a great many men with mediocre production.

Banish Old Man Hard Luck on *Hoodoo Day* by selling accident policies. Send 10 cents for campaign plans to A&H Review, 175 W. Jackson Blvd., Chicago.



General Agency OPPORTUNITIES for good personal producers



## Strong Progressive

Are You Willing to WORK for a Company Which Is Willing to WORK with You?



**NORTH AMERICAN LIFE INSURANCE COMPANY**

**OF CHICAGO.**

E. S. ASHBOOK  
President

JOHN H. McNAMARA  
Founder

PAUL McNAMARA  
Vice-President

NORTH AMERICAN BUILDING, CHICAGO, ILLINOIS



**DETROIT**  
2724-6 Union Guardian Bldg.  
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ESTABLISHED 1889 — HEAD OFFICE — WATERLOO — ONTARIO

## LEGAL RESERVE FRATERNALS

### Interesting Decisions Are Given Affecting W. O. W.

Two interesting fraternal decisions have been rendered. In one, W. O. W. vs. Rodriguez in the court of civil appeals of Texas, the W. O. W. was held not liable for death benefit because of breach of warranty when the assured untruthfully stated in his application he had not been under observation in a hospital for a stomach ailment. Testimony of his beneficiary, the widow, showed he had been in a hospital six years prior to issuing the policy, for one night for the purpose of an x-ray examination.

Lower court judgment was for the beneficiary. The higher court held admission against interest made by the plaintiff in the trial concerning her husband's hospital examination was conclusive evidence there was a breach of warranty in the answer to a question in the application. It was held the answers were warranties and as a consequence the question of good faith of the insured in answering the questions was immaterial since express warranties must be literally true, otherwise the benefit certificate is absolutely void. The court held the facts showed a breach of warranty was committed by the insured which voided his certificate. Judgment was reversed and rendered for the fraternal.

### Murder or Suicide Question

In W. O. W. vs. Sugar in the tenth circuit court of appeals it was held evidence justified the jury in finding the insured was murdered rather than that he had committed suicide, and as a consequence the society was liable for the death benefits. Suit had been brought to recover the death and double indemnity benefits. The insured died of gun shot wounds about 40 days after issuance of the policy and the society denied liability, claiming suicide, while the beneficiary contended the insured was murdered.

Evidence showed the insured carried a large amount of insurance and was rejected for several large policies within a short time prior to his death. He was found dead in the place where he worked, with a safe opened and other evidencing facts tending to show robbery, with considerable money gone. The gun used in his death, which he obtained from a merchant a few days previously, was found on the counter near him. A man and woman testified they saw a man running from the store shortly after the time the insured apparently was shot. There was no evidence of domestic trouble, financial distress or other motive for suicide. The lower court rendered judgment for beneficiary for the single death benefit.

### Jury's Verdict Supported

The circuit court held some facts and circumstances pointed to suicide while others showed strongly the insured was murdered with robbery as the motive and the jury would have been warranted in arriving at either conclusion. The court held conflicts in evidence, therefore, supported the jury's verdict and there was substantial evidence supporting a verdict the insured was murdered. Judgment in favor of the beneficiary was affirmed.

The decisions were briefed for THE NATIONAL UNDERWRITER by Richard F. Allen, general counsel Standard Life. Mr. Allen is secretary-treasurer of the

National Fraternal Congress law section.

### Fraternal Business in Oklahoma

OKLAHOMA CITY—The fraternal operating in Oklahoma reported \$8,018,348 new business written during 1938, representing 9,422 certificates. The total amount received from members amounted to \$1,612,682, while claims paid amounted to \$1,004,162. The amount reported as having terminated was \$10,538,850, which represents 11,232 certificates. Insurance in force Dec. 31 was \$63,821,656, representing 64,572 certificates.

### W. O. W., Omaha, Half-Year Totals

The July 1 statement of Woodmen of the World, Omaha, shows gross assets \$128,374,352, a gain of about \$1,000,000 in six months. Cash was \$2,161,336, U. S. government bonds \$7,866,553, state and municipal bonds \$88,128,712, other bonds and preferred stock \$12,258,311, certificate loans \$12,567,894, real estate loans including home office building, radio station WOW and Woodmen War Memorial Hospital, San Antonio, Tex., \$1,480,533. Reserves including those for certificates, fluctuation of security values and other contingencies totaled \$127,332,164, against \$111,404,325 six months ago.

### Aid Association Gives Figures

Aid Association for Lutherans semi-annual figures show assets \$30,620,960 compared to \$28,706,911 at the end of 1938. Insurance in force is \$168,803,183 adult department and \$26,491,743 juvenile department, or total \$195,294,926 compared to \$189,528,161 at the end of 1938. Membership gained in the sixth months from 168,770 to 174,377. Aid Association so far this year has paid 952,803 benefits and surplus in the adult department and \$28,646 to juveniles.

### Newberry Speaks in Arkansas

ARKADELPHIA, ARK.—Farrar Newberry of Omaha, national secretary Woodmen of the World, Omaha, addressed the field day here on the financial strength of the organization and what it has done in Arkadelphia. For 15 years he was Arkansas manager of W. O. W.

### Sanatorium Receives Honor

The Modern Woodmen tuberculosis sanatorium at Woodmen, Colo., near Colorado Springs, has received the hospitalization certificate from the American College of Surgeons. The sanatorium's superintendent is George Rule. Established in 1901, the sanatorium long has been known as one of the foremost institutions in the United States for the treatment of tuberculosis. Fully equipped and well staffed, it provides free treatment for beneficial members of the society who become afflicted with tuberculosis.

### Pacific Mutual "Top Stars" Meet

Guests at the home office of Pacific Mutual Life in Los Angeles Aug. 14-15 will be members of the Big Tree Top-Stars Club—leading producers from all over the country. The group will enjoy two days of conference and entertainment with company officials, to be followed by a visit to the San Francisco fair. Accompanying the Top-Stars will be also those who won trips to the exposition offered as prizes in a marathon production contest staged by Pacific Mutual last fall.

### Department Heads Appointed

Leonard F. Martin has been appointed life department director by Cravens, Dargan & Co., insurance managers of Houston, Tex., associated with H. V. Jackson, the manager. He resigned from the Seguros de Mexico, before which connection he was with Sun Life of Canada. Seguros de Mexico is life

insurance correspondent of Cravens, Dargan in Mexico. William A. Appleby, formerly group supervisor of the Occidental Life of California in the Pacific Northwest, went with Cravens, Dargan & Co. in charge of the group department.

### "Employee" Issue in Ohio Suit

The Northwestern Mutual Life has filed suit in common pleas court at Columbus, O., to determine whether certain of its agents are "employees" under the Ohio unemployment compensation act.

### Report on Sons of Italy

The Illinois department has reported on the Order of Sons of Italy, a Chicago fraternal, at 201 North Wells street, as of Dec. 31. Its assets are \$48,932, legal reserve \$30,799, contingency reserve \$10,000, surplus \$4,237. The society has placed all its certificates on an adequate rate basis. Its solvency ratio is 109.9 percent. Its premium income last year was \$29,053, total income \$33,274, it paid policyholders \$11,050, total disbursements \$27,446. It has in force \$1,067,400.

One manager finds it is more effective to recruit in cycles so he can train men in a group and get them into production

at one time. If he can get two or three men he usually concentrates on them rather than attempting to secure additional recruits. Once he gets the new men on an earning-a-living basis, he begins to work up a new group of prospects.

Completing five consecutive years or 260 weeks as a member of the App-A-Week Club of the Old Line Life of America, E. H. Miles, Ft. Atkinson, Wis., general agent, was honored at the home office in Milwaukee and was awarded a wrist watch.

W. H. Andrews, Jr. manager of the home office agency, of the Jefferson Standard Life, was guest of honor at a dinner given by District Manager Joe A. Webster, who headed a special campaign in honor of Mr. Andrews' birthday. E. F. Andrews, Dick Hinton and I. A. Williams were special guests as winners in their divisions.

Julian Price, president of the Jefferson Standard, Mrs. Price; Vice-President R. C. Price and Mrs. Price attended. President Price made a talk.

Mr. Andrews was appointed manager of the home office agency in 1929, after having made an outstanding record as a personal producer. In 1938 he was elected a trustee of the National Association of Life Underwriters. He holds a C. L. U. degree.

## THE PRAETORIANS

National Headquarters—Praetorian Building

DALLAS, TEXAS

ORGANIZED—1898—OVER FORTY YEARS OF INSURANCE SERVICE

Issues FRATERNAL LEGAL RESERVE LIFE INSURANCE on standard forms, ages 0 to 60. Amounts \$200 to \$20,000.

Operates strictly on the LEGAL RESERVE PLAN. Realizing that it is the LEGAL RESERVE that puts the safety under policies regardless of whether the system is Stock, Mutual or Fraternal.

If it is LEGAL RESERVE, the strength is there.

### Pays Seventeen Different Ways

## PROGRESSIVE



Throughout the thirty-six years of its existence, the Aid Association for Lutherans has earned a reputation for able, progressive management, and sympathetic understanding of the needs and problems of its certificate-holders. The Association has ever been alert to the modern trend of the times, always adjusting itself to meet new needs of protection.

INSURANCE IN FORCE.....\$195,294,926.00

ASSETS .....\$ 30,620,960.53

Paid to members and beneficiaries since organization in death and sick benefits, old-age income, surplus, etc., \$20,890,281.70.

All standard forms of legal reserve life insurance for men, women, and children of Synodical Conference Lutheran churches.

## AID ASSOCIATION for LUTHERANS

Appleton, Wisconsin

Alex. O. Benz, Pres.  
Otto C. Rentner, Vice-Pres.

Albert Voecks, Secy.  
Wm. H. Zuehlke, Treas.

## PROTECTED HOME CIRCLE

SHARON, PA.

FOUNDED IN 1886

### A Legal Reserve Fraternal Insurance Society

S. H. HADLEY Supreme President L. D. LININGER, Supreme Secretary  
SHARON, PA.

**THE WOMAN'S BENEFIT ASSOCIATION**  
Founded 1892  
A Legal Reserve Fraternal Benefit Society  
Bess West Miles Supreme President  
Frances D. Partridge Supreme Secretary  
Port Huron, Michigan

# Sales Ideas and Suggestions

## Putting the Test of a Good Investment on Insurance

D. J. Bloxham of Hartford, supervisor of the Travelers, analyzes investments and applies the rules as to selectivity to life insurance. Some agents still feel that life insurance is only a shock fund or protection. Some people say that they should buy life insurance as protection and purchase good securities which they caught at rock bottom prices and not look upon life insurance as an investment.

Mr. Bloxham declares that before an agent can sell insurance as an investment he must believe in its investment feature enthusiastically. Mr. Bloxham said:

"In making an investment what are the points that should be investigated? According to investment authorities, they are these: (1) Is it safe? (2) Will it increase in value? (3) Will it show a fair income return? Is the income sure? (4) Can it be financed easily? (5) Has it a ready market? (6) Can it be used as collateral? (7) Is the maturity date desirable? (8) Is it free from care and worry? (9) Can it be transferred at death without expense or delay?

"Any investment that measures up to the majority of these specifications is a good one. An investment that measures up to all is well nigh perfect.

### Application of Principles Made to Life Insurance

"Let's apply these tests to life insurance when written on anything but term insurance and see whether there is any truth in the statement that life insurance is an investment.

"1. Is it safe? The factors that make for safety in investments are: (1) The selection of high grade securities; (2) wide diversification in selection; (3) continuous and vigilant examination of securities; (4) trustworthy and competent management.

"These are the principles followed by the investment heads of life companies and it is generally agreed that life companies have the best investment brains in the country. These men are watching every minute change that affects values. The individual seldom possesses this ability. His training has been along another line, but were he to possess it, he still could not invest his money as safely as a life company invests it for him. He does not have the chance to buy the very best securities. They are seized immediately upon issue by the life companies and other great financial institutions.

### Diversification Difficult for Individual Investment

"The average individual cannot get adequate diversification in his investments. Life companies can because they have so much more to invest. The money we pay for life insurance is not set aside with our name on it. It is merged with the company's millions. When we pay our premiums we buy an equity in all the assets and accumulated surplus of the company. A friend asked our president to suggest one or two of the securities held by the Travelers in which he should put some of his excess cash. Mr. Zacher replied, 'Why don't you buy the whole list? When you buy a contract from us, that is exactly what you do.'

"So, your small premium and mine is handled by experts, safeguarded by wide diversification and placed in securities

which you and I can't buy. Your life insurance dollars are safe.

"2. Will it increase in value? To find an investment that will certainly increase in value is almost an impossibility. Certain life insurance contracts are a conspicuous exception. Whether you buy them outright on the single premium plan or finance them out of income, there is steady and guaranteed appreciation. Stocks, bonds, real estate, mortgages fluctuate over a wide range. Insurance never does. For example, it is possible in my company for a man, age 35, to buy outright a \$10,000 block of life insurance for a single payment of \$4,700. If he dies, the next day his heirs will receive \$10,000. If he lives to age 65, he may receive \$12,000 or a life income of \$100 a month. If that isn't an increase in value, what is it? And remember, every dollar is guaranteed.

"3. Will it show a fair income return? Is the income sure? Well, that same \$4,700 nets 3.1 percent compound interest for 30 years, with the insurance thrown in for good measure. In the event of death the first year, what is the income return?

### Abner Thorp Figured Up Yield on Investments

"Suppose the contract has been bought on the annual premium plan? Do you know that every dollar invested over and above that used for protection on the cheapest form of long term insurance available, will show a net return at maturity of more than 5½ percent compound interest and every bit of it is guaranteed.

"Abner Thorp, editor of 'Diamond Life Bulletins' in a recent address, went at this same aspect but from a little different angle. He pointed out that the average yield for 20 years on 60 high grade industrial, public utility, railroad, and municipal bonds averaged 4.78 percent. The average yield on preferred stocks for 21 years was 6.16 percent. The average yield on all common stocks for 20 years was 6.28 percent. And all of them had wide fluctuations in between.

"While life insurance purchased at the average age, 35, and carried for the expectancy 33½ years on the ordinary life plan-nonparticipating rate, would involve total payments of \$785. This, says Mr. Thorp, is the actual purchase price and this purchase price should be used in figuring the return. He says: 'Using figures of gross interest paid on deposits left with the company, averaged for the 100 American life companies for the last 20 years, we find this return ranging from a low of 5.7 percent in 1910 to 6.2

percent in 1929 with an average yield of 4.7 percent over the 20 years. . . . Dividing 4.7 percent by \$785, we have an average yield of 5.98 percent (practically 6 percent) for the period.'

"The yield in life insurance, he concludes, is less variable than on stocks and bonds, is more than on bonds, only slightly less than on common and preferred stocks, and furthermore, this yield is guaranteed by the entire assets of the life company.

"4. Can it be financed easily? Life insurance is the only thing you can buy on the instalment plan and have all further payment cancelled by death or disability. It can be bought on a margin without fear of being 'sold out.' The payments can be made to fit any man's financial stride.

"5. Has it a ready market? Can it be used as collateral? Yes, in periods of adversity the contract can be loaned upon or sold back to the company that issued it for a market price known at the time it was purchased. Any bank would rather have the cash value of life insurance offered as collateral today than any other known security.

"6. Is the maturity date desirable? A life insurance contract is the only investment known which matures by event as well as by date. The buyer can select the maturity date to suit his own desires, knowing that if he does not reach that maturity date, the full amount will be made available in the event of his death.

"7. Is it free from care and worry? You have seen many financial advertisements like these: 'No bond is so safe that you can afford to put it away and forget it.' 'Every investment needs constant watching—Frankly, have you the time to do it.' 'Real estate, bonds, stocks, and mortgages head the present causes of insomnia.' Moral: Buy life insurance—sleep well nights.

"8. Can it be easily transferred at death without expense or delay? Again the answer is, yes. No matter whether paid outright or held in trust by the company or turned over to a trustee as a life insurance trust, no probate procedure or expense is necessary. The average estate shrinks about 20 percent—some much more—life insurance stands alone in this respect."

### Sales Stimulators

"There has never been a man in our history who led a life of ease whose name is worth remembering.

"Living expenses go right on during the hot weather—and the only way for a salesman to stay out of the red is to stay in production." — Chester O. Fischer, vice-president Massachusetts Mutual.

The man who hasn't lost his courage, his health and his zest for business hasn't lost much. But if he's lost any one of these, he's lost heavily, and if he isn't in the red now, he soon will be.

### Personal Production Records

In June, 1927, Arthur J. Ward, Penn Mutual Life, Chicago, wrote 275 applications in one day.

In May, 1927, Jack Warshauer, Brooklyn National Life, working in Brooklyn wrote 262 applications for about \$400,000 in one day.

In May, 1927, J. F. Skrinar of the old Peoria Life wrote 731 applications for \$838,650 at Joliet, Ill.

In November, 1925, H. E. Van de Walker, now Michigan manager of the Ohio State Life, while Michigan manager Peoria Life, wrote 717 applications for \$1,370,250 on which \$48,162 in premiums were collected.

In May, 1927, Mrs. Ada Cadwalader, Indianapolis Life, Des Moines, wrote 111 applications for \$110,000.

### Ten Rules for Success Are Outlined by Ramsay Agency

Ten successful rules for life underwriting have been outlined by the Ramsay agency in Newark for the Connecticut Mutual Life:

(1) Do diversified prospecting among people in known prosperous lines.

(2) Budget expenses carefully and spend a larger amount on concentrated direct mail advertising.

(3) Stress need selling in simple program presentations.

(4) Organize your activities and spend as much time as possible with buyers.

(5) Qualify prospects early in the interview. Why talk to a man only because he will listen, unless you know he needs and can pay for what you have to sell?

(6) Use simple program to show the prospect three things; family minimum income need; how far present insurance will go; what reasonable additional investment in premiums he can make to bring his life insurance nearer his ideal program.

(7) Look, act and dress like a successful business man.

(8) Watch your associations; avoid pessimists; read helpful and constructive literature.

(9) Cultivate logical prospects through repeated calls; do not be too quick to take "no" for an answer.

(10) Kindle your enthusiasm; use a sales plan with some fire behind it.

### Old Agent Regains Volume With Modern Methods

An interesting illustration of the value of studying life insurance methods was related by George J. C. Smith, Columbus, Ohio, at a convention of the Connecticut General Life. Mr. Smith proclaimed himself an old timer, having started in April, 1921. He said he was an "old school" agent until about 18 months ago. He said he had actually used the approach, "You don't want to buy any life insurance, do you?" Strange to say he found a lot of people who did want to buy life insurance. During the easy 20's he built up a pretty good volume and regarded himself as prosperous. Then 1929 came along, and a lot of his customers began taking down their equities. Instead of a nice renewal income he found he had to depend on new business. But the public he had to solicit was not the same public that had bought so freely from him. Like many other agents, he found his production growing less and less during the depression.

About two years ago he saw the plan for him. It was the home office program method, illustrated in the company's sales material. He quit trying to sell life insurance. He saw that good management can improve the value of any property, and this applies to estates. He studied the programming plan and learned how to apply life insurance to the effective management of estates. He has ceased to think of life insurance as so many thousands of dollars, but now thinks of it as so much food, shelter, education, etc.

His production immediately began to climb. The effect on the clients was noticeable. They recommended him to their friends, and become voluntary centers of influence. He told of a call on a dentist whom he had been trying to sell for ten years. He remarked, "I am not the same George Smith that has been calling on you all these years." The rather startling reply was, "I've noticed it." The dentist not only bought but became a booster.

## Family "Group" Policy New Tool for Agency Force

Family group insurance, especially on the monthly premium basis, originated only four or five years ago, has proved one of the outstanding sales tools in the depression times. The few companies which have elected to write it have been doing a fine volume on this form and through the *entrée* which it gave to many people who thought they had sufficient life insurance, undoubtedly have placed a great deal of other insurance.

Reserve Loan Life and Lincoln Liberty of Birmingham were early in the field. About 10 years ago a small company (not now in business) had this form copyrighted and wrote some business. The scheme is said to be very old among mutual assessment companies dating back about 20 years.

The family group policy was originated and copyrighted by C. W. Dorsey, agent of the Reserve Loan Life, who sold the first policy on that plan to a family of six, under an application dated Nov. 12, 1930, according to Paul C. Moore, Reserve Loan actuary. The policy was then, and has been ever since, on the 20 year renewable and convertible term plan. Double indemnity, death waiver and disability waiver benefits may be added by means of riders.

### Can Be Written Profitably

The Reserve Loan Life is credited by some life company officials with having originated this form about five years ago. The Midwest Life also pioneered in the field and now is one of the leading companies in it. For a time the now defunct Builders Life of Chicago pushed this form aggressively.

There has been sufficient experience apparently to demonstrate that this form can be written profitably. Some companies consider it a semi-industrial type of business most effectively sold on the monthly premium basis, but others warn that it should be handled on an ordinary basis. It appears to be suitable as a specialty sales proposition on a "production line" basis with short prepared sales talks, agents specially trained in this particular medium, using a single interview canvass on a quantity production basis, securing quick sales and going on to see as many prospects as possible in a day. However, several companies are opposed to this approach, feeling lapse rate on business so secured would be high.

### Strong Emotional Appeal

It seems to have as much appeal to the average person as juvenile insurance, which is acknowledged to be the best *entrée* to people who feel they have enough life insurance. Some officials believe its emotional appeal is even greater. Prospects are intrigued by the thought that in a single contract with a single premium they can insure their entire family, down to the new born. They are especially susceptible to the idea of insuring their children, and by means of this contract a modest additional sum of insurance is secured on the adults of the family. There is a net gain also in the fact that the wife is included, who normally is not insured at all.

The average premium will run \$50 to \$75 and it can be secured by an ordinarily competent agent in a brief interview with little argument.

Few companies as yet have entered this field due to the fact the number regularly writing juvenile insurance is limited and none probably would care to enter the field purely to write juvenile in the family form.

The outstanding companies in this field are American United Life, Continental Assurance, Minnesota Mutual

Life, Central Life of Illinois, North American Life, Chicago; Alliance Life, Peoria and Midwest Life.

Most of the companies write this contract on non-medical basis and with a specific premium rate for each member insured. Juveniles carry graded death benefits in states permitting this practice. Each member is scheduled in the policy, with age, amount of insurance on the individual and the premium rate.

The family head is considered to be the owner of the policy, although generally the wife also is required to sign the application. The head pays in a single sum the premiums for all. He usually is designated as the beneficiary of the others' insurance.

Other members of the family as they come of age may withdraw their portion, securing it in an individual policy. With consent of the family head, this may be done before their maturity. Generally the portions of the individuals' insurance carry individual values.

Some of the companies will write a "payor clause" or its equivalent, continuing the insurance in force if the family head suffers disability, and some include death.

### Much Business on This Form

A substantial amount of the new business of the Reserve Loan Life has been issued on this plan since its introduction nine years ago. Of the direct business during 1938, 14 percent by amount and 9 percent by number were issued on the family group basis, the average scaled policy being \$2,327, Actuary Moore reports.

The lapse rate at the end of the first year has been found to be slightly lower than the average for all other policies. At the end of the second year, however, the rate is slightly higher. The mortality has been very favorable.

The North American writes it on a nonmedical basis only through selected agents and not in metropolitan areas. It is written on medical basis in metropolitan territories. It reserves the right to require a medical examination if necessary. About one-half of this business has been written on a monthly premium basis, minimum requirement being \$3 monthly.

This company calls its contract the "family" policy, avoiding the use of the "group" term which it considers a misnomer. The form used is endowment at age 85. Minimum written is \$1,500 per family and \$250 per individual. Rates are the same as for ordinary. This company does not consider the form semi-industrial, but employs ordinary selection and rules generally. Benefits are those of ordinary insurance. The company considers the policy's chief advantage is as a collection medium, securing a number of premiums for the cost of collecting one.

### Midwest Life Secretary Comments

"While Midwest Life may not have been the first to issue a family group contract, I have every reason to believe that we were probably the first American company to popularize it," comments Clyde W. James, secretary. "At the time we introduced our family group contract in July, 1936, we were not aware that any other company was issuing such a policy. However, I have since learned that the London Life of Canada issued a family group policy as early as 1935.

"Our policy was introduced on the 19 year term plan and I believe the next American companies to issue similar contracts were the Service Life of Omaha and Great Northern of Chicago which brought out their policies in 1937. As I recall the Alliance Life was next and it was followed by the Central Life of Illinois and the Amer-

ican United. The Minnesota Mutual, Continental Assurance and Lincoln Liberty Life adopted their policies in 1938 on ordinary life or endowment forms.

"The Midwest Life form is issued for a minimum amount of \$2,000 with a minimum of \$500 on each life insured. A little over \$4,000,000 is in force on this plan in Midwest. Practically all the business is written in Nebraska, Kansas and Iowa, territory that was burning up in the summer of 1936. Midwest production had fallen and the family group was introduced with the thought it would help agents to make a living in a most difficult time and put our production back to a more nearly normal figure, both of which it did.

### Many Advantages Outlined

"We used the term plan because it simplified the contract considerably so far as policy loans, paid-up insurance and extended insurance were concerned, and also because we believed we could secure a more satisfactory average policy on the term plan," Mr. James said. "For 1939 to date the average size of the family group policy has been \$2,750. This is a slight reduction from a \$3,000 average during the same period last year.

"The points which we have found in favor of this contract are as follows:

"1. It has increased the earnings of our agents and has enabled many of them to stay in the life insurance business who otherwise would have been unable to survive the drouth conditions which we have experienced in so much of our territory.

"2. It has enabled us to show a substantial increase in new business so that our production has been brought up to normal for a company of our size.

"3. The resulting increase in volume has substantially reduced our per unit acquisition expense.

"4. We have found it a very definite aid in recruiting new men as the policy captures their imagination in much the same fashion as it does the imagination of the buyer.

"5. It creates no investment problem since the reserves are negligible.

"6. We have to date experienced a very excellent mortality on this policy.

"7. It has made an appreciable increase in the average size of our policies issued.

### Also Has Some Disadvantages

"I should catalogue the disadvantages as follows:

"1. The lapse ratio on this plan of policy will run somewhat in excess of policies on a higher premium plan although this could be reduced by paying a lower scale of first year commissions. Since many new men have been attracted to the company because of this type of policy, the failure of these men to succeed in the life insurance business has left a considerable amount of orphaned business which is another factor affecting the lapse ratio.

"2. Due to the ease with which this policy can be sold agents frequently develop a tendency to sell it among the lower income groups.

"3. If the company should decide to discontinue this form of contract it would be rather difficult to switch the agents back to selling other plans exclusively.

"4. I should not favor issuing this plan of policy if much of our business were coming from industrial centers."

### Continental Assurance Form

The Continental Assurance writes this form of contract on the endowment at age 65 plan. In most instances insurance is issued on a non-medical basis, but only in those cases where the writing agent has the non-medical privilege. It is considered that the appeal is to families which wish to have all members insured under one contract and where smaller amounts of insurance or more frequent premium payments would not be permitted under regular individual policies. The class of business received appears to be good. Premium

rates used are the regular ordinary rates. Minimum amount written on a family is \$1,500 and on an individual life \$500.

The Minnesota Mutual writes on the ordinary life or 20-payment life forms at regular participating rates and values; nonmedical, with discretion to general agents to require medical examination if necessary. Premiums may be on monthly basis, the minimum being \$2. Minimum policy written is \$1,000 for a family and \$250 for an individual. The adult owner of the policy may buy additional units on his own life to continue the insurance on the other members in event of his death. The company in that event would use the proceeds of the additional units to pay the premiums as far as it would go. This is the equivalent of the payor clause in juvenile policies. No disability waiver provision is written in connection with this form.

### Premium Rates Higher

The Central Life of Illinois writes on a nonmedical basis, only in cities of less than 50,000 population; elsewhere medical examinations. Monthly premium payments are permitted with no minimum requirement. A short medical form is used. Forms used are continuous premium, endowment at 85 and 20-payment endowment at 85. Minimum limits are \$1,500 per family and \$250 per individual. The premium rates used are a little higher than those for the regular ordinary forms. This company will issue a payor clause which in case of the family head's death or total permanent disability will pay up all the dependents' portions of the policy in full for all time. It also will issue a double indemnity clause applicable to all the family members down to birth, with benefits appropriately graded for the juveniles. It has been found the type of business submitted is of a semi-industrial grade.

### American United Practices

The American United Life was one of the earlier companies in this field. It was the first to sell this on any other plan than term. It writes this form everywhere on non-medical basis, minimum \$3,000 per family and \$400 per individual on the endowment at 85 (participating) form, and \$1,500 and \$200, respectively on the endowment at 90 (nonpar) form. The handling nonmedical applies up to a maximum of \$2,500 and individual age 45. Monthly premium basis can be used, minimum premium being \$3 a month. Unless this amount is received there is required the net on three months advance premiums with application. Regular rates and values are used. Individuals can convert their portion at any time with consent of the family head to the same form as of original age at issue after age 18. Each dependent's portion has separate values. Ages that will be included range from birth to 60. So far the underwriting results have been found no different than the ordinary policies.

### Alliance on Term Basis

The Alliance Life writes on a "participating" 20-year term plan only, convertible to regular forms any time in this period. Monthly premiums are accepted, but only on a salary deduction basis, \$10 minimum. Death benefits on dependents are graded, depending on the number in the family, graded up according to number of deaths. Maximum is \$3,400. Special rates apply, based on age of payor and oldest dependent.

The "participation" is through accumulation of a fund to the credit of policies in the group, which may be used by the payor under the contract as a credit toward premiums on a new policy on his life in event he wishes to make such conversion, Actuary E. H. Wagner advises. Or the sum will be paid to beneficiary in event of payor's death after fifth policy year, or will be used to reduce premiums on the contract af-

(CONTINUED ON LAST PAGE)

## Results of June's Examinations Given

(CONTINUED FROM PAGE 4)

tions, it is nevertheless encouraging to note that of the 237 candidates who would have finished the entire series if successful in everything undertaken, 154 (or 65 percent) were granted full credit and now join the ranks of the 1,534 who preceded them in this endeavor.

## Industrial Policy Extended in Texas

(CONTINUED FROM PAGE 3)

lege. Mrs. Foster insisted upon her right to choose "extended term insurance" as the type of insurance which should have been enforced.

The ruling of the insurance commissioners means that, according to some industrial company men, henceforth industrial policies in Texas must grant a full five-week grace period, because the law provides for at least 30 days and the industrial companies make their collections weekly and the previous grace period of four weeks allowed only 28 days. Other new provisions must provide automatic extended insurance option; cash or loan values beginning with the third policy year; and the granting of the policy loan privilege beginning in the third year, according to this interpretation.

The two largest industrial companies, Metropolitan and Prudential, do not operate in Texas, except for group.

A panel discussion of problems faced by general agents and managers featured the luncheon meeting of the Fort Worth Managers & General Agents Club.

## New California Commissioner Takes Office

Anthony Caminetti, Jr., has now taken office as insurance commissioner of California, succeeding Rex Goodell. He is a native of Jackson, Cal. His father, the late Anthony Caminetti, served as code commissioner for California, congressman, state senator and commissioner general of immigration under President Wilson. Anthony Caminetti, Jr., graduated from the University of California law school in 1912. He engaged in the practice of law at San Francisco until 1929, except for service during the war. In 1932 he was elected superior court judge in Amador county and was reelected in 1938.



A. Caminetti, Jr.

## Family Group Policy New Tool for Agency Force

(CONTINUED FROM PAGE 19)

ter 15th policy year if none of the other options have become effective. Strictly speaking, it is not an annual dividend contract.

The Great Northern Life writes this contract only on 19-year term basis similar to the Alliance Life. Non-medical selection is employed. Minimum policy is \$2,000. No monthly premium paying can be employed originally, but under certain circumstances later this can be arranged. This company seeks to maintain the form strictly on an ordinary basis throughout. Privilege of conversion is given on the term plan to any

member with consent of the family head, who is the policy owner and executes all documents necessary.

## Commission Agents Exempt Under Social Security Act

(CONTINUED FROM PAGE 3)

agents' status being made by the counsel for the Internal Revenue Bureau. Generally the commission agents were exempt from tax for unemployment compensation but there were some conflicting cases, depending on the individual company's agency contract, and the amount of control exercised over agents by the home office.

Against the possibility that eventually it might be interpreted that all commission agents were subject to the tax, all the life companies were keeping records of compensation paid to their agents, which was a costly operation.

There also was the difficult question as to the status of industrial agents. It is assumed the exclusion in the new act will relieve from the tax any industrial agents who are compensated solely by commission, but that if they receive any stated salary, however small, they will be subject to the unemployment insurance section.

The exemption of commission insurance agents stands as a testimonial to efforts of the Industrial Insurers Conference, Executive Secretary Raymund Daniel of that organization declared.

"When all other earlier endeavors to secure the rights of the agent appeared to have failed and seemed on the verge of being abandoned," Mr. Daniel said, "the Industrial Insurers Conference, single-handed, took up the fight for the just interpretation of the agent's prerogatives. Despite the fact that arguments before the ways and means committee of the house were rejected and the lower body of the Congress placed a tax on agents, representatives of the Industrial Insurers Conference carried their pleas to the finance committee of the senate, which wrote into the bill an amendment expressly excluding from the unemployment compensation provisions insurance agents compensated solely by commissions.

"Under the general direction of P. M. Estes, general counsel of the Life & Casualty, Nashville, chairman of the laws committee of the conference, the claims for exemption were ably presented to the senate finance committee by James F. Finlay, general counsel Interstate Life & Accident; Sidney F. Keeble, associate general counsel Life & Casualty; H. T. Dobbs, chairman of the conference executive committee, and other representatives of the organization. During the entire legislative procedure, these representatives worked tirelessly at Washington for the exemption of insurance agents. It is interesting to note that the amendment, as secured by the conference, includes exemption of agents of all classes and not the industrial business alone."

## Son Gets Insurance

A son who killed his father was found by the Georgia court of appeals at Atlanta last week eligible to receive the proceeds of his father's life insurance, on the finding that it was justifiable homicide. Almost invariably in the past the precedent in court has been that one who committed homicide should not be permitted to profit from the life insurance through his act.

The Woodmen of the World was involved in this case, resisting payment of a \$2,000 claim on the life of A. W. Everett. The fraternal contended the policy was void as the son, who was beneficiary, killed the father. Mrs. Willie Mae Everett, the widow, also a beneficiary, sued for the claim and \$250 damages.

A superior court decided in her favor and the appellate court affirmed the judgment, finding the son killed his father to save the life of his mother and not to collect the insurance.

## Opens Life Agency



JOSEPH I. REECE

KNOXVILLE, TENN.—Joseph I. Reece, former insurance commissioner of Tennessee, has opened an office here as general agent and branch manager of the American United Life. He will supervise east Tennessee counties between Chattanooga and Bristol.

## Million Dollar Group Adds 23 More to Its Roll

(CONTINUED FROM PAGE 2)

mittee on by-laws and qualification requirements will be heard during this session. The committee is composed of Helen B. Rockwell, National Life, Cleveland, chairman; Corinne Loomis, John Hancock Mutual, Boston, and Sara Frances Jones, Equitable Society, Chicago.

## FORM CLEVELAND HOSTESS GROUP

At the request of the committee in charge of promoting the invitation of Cleveland to entertain the 1940 convention of the National Association of Life Underwriters, the cashier division of the Cleveland Association of Life Underwriters is organizing the girls employed in the various offices as a convention hostess group. The young ladies would look to the comfort and entertainment of the wives and daughters of the conventioners and would provide dancing partners for unescorted delegates for the moonlight cruise on Lake Erie, which would be the main convention entertainment.

Miss Ruth C. Rhudy, Lincoln National Life, is chairman of the convention hostesses group.

## Illinois Department Fetes Veteran of 41 Years

About 200 employees of the Illinois department participated in an all day outing, dinner and dance at Nelson Park on Lake Decatur near Decatur, Ill., in honor of Guy W. Hubbard, supervisor of taxes, who has been connected with the Illinois department 41 years. Ernest Palmer, insurance director, presided at the dinner. The employees took advantage of the occasion to show their appreciation to Mr. Palmer, as well, by presenting him with an outdoor steak grill. Mr. Palmer responded and then he introduced Mr. Hubbard, who was presented with an electric razor. Mr. Hubbard went to the department from Pittsfield, Ill., where he had been a clerk in a general store.

At the guest table with Mr. Hubbard sat all of the employees in his division, Mr. Palmer, R. W. Troxell, prominent local agent of Springfield, and Arthur O'Brien, secretary to Governor Horner, who spoke briefly.

# HOST to the WORLD



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# RECENT COURT DECISIONS

## Resolves Issue from Fraternal's Conversion

In converting from a fraternal society to a mutual life insurance company, Columbian Mutual Life of Tennessee assumed the obligations of the existing contracts but did not preserve the immunities provided fraternal societies. This was the decision of the Mississippi supreme court in *Columbian Mutual Life vs. Gipson et al.*

Gipson had a policy in the old fraternal society. His health became impaired and he interviewed the representative who sold him the policy, C. W. Mangum of Magee, Miss. Magee had been retained by Columbian Mutual Life as an agent, after the conversion. Mangum advised Gipson that Gipson was not totally disabled within the meaning of the policy and that it would be useless to make application for disability benefits. Gipson made no more premium payments and four years later brought suit for reinstatement of the contract on the ground that he had offered to furnish satisfactory proof of disability to the insurer but the insurer denied all liability and refused to consider his claim. Gipson later became insane and died. The suit was revived by his widow and children.

### Act of Columbian Mutual

Because it lost its immunity as a fraternal, the act of Mangum, its agent, became the act of Columbian Mutual Life. After the lodge system and representative form of government ceased to exist, Columbian Mutual appointed its own agents and there was no longer a lodge or local organization in existence, the relation becoming that of insurer and policyholder. Columbian Mutual Life was bound by the act of its agent in misleading Gipson as to the extent of disability necessary to entitle him to file a claim. The act of the agent must be the act of the company itself.

It clearly appeared in the proof that Mangum was required to sign the application for the benefit, together with Gipson, and that he was under the duty, if and when called on by the company, to make investigations into such claims and to report to and for the company the facts as he found them to exist. Mangum after the conversion, became the agent of the company and not of the policyholder.

There was some dispute as to Gipson's physical condition but it concerned largely the nature of the disease and not as to whether he was unable to follow his ordinary calling as a farmer.

## Law of Place of Divorce Controls Rights in Policy

The case of *New England Mutual vs. Spence*, in which the assured's divorced wife and his administrator fought for the proceeds of a life insurance policy, turned upon a point in conflict of laws. The United States circuit court of appeals in New York held that the law of the place where the divorce was obtained should apply and awarded the proceeds to the estate of the assured.

Slade, the assured, and his wife, now Mrs. Spence, lived in Buffalo when the policy was issued. They later moved to Texas and were there divorced. The former Mrs. Slade then returned to Buffalo and married Spence, while Slade stayed in Texas and remarried. The Texas decree of divorce made no disposition of the insurance policy. On Slade's death, New England Mutual interpleaded his former wife and his administrator. Under the law of Texas, a divorced wife has no insurable interests in

the life of her former husband, while under the New York law a divorce decree which does not mention a policy does not extinguish the interest of the former wife. The district court held that the New York law controlled and awarded the proceeds to Mrs. Spence.

On appeal, Judge Hand ruled that the applicable law should be that of the place at which the status of the parties was determined, in this case Texas. The judgment was accordingly reversed and the proceeds awarded to the administrator of the assured. Judge Clark dis-

## Fraud of Agent Is Not Attributable to Insurer

The South Carolina supreme court has absolved Life of Virginia of liability under a policy on the life of a woman, who died four months after the policy was issued, it having been established the woman had been operated upon for cancer. The agent, Ledbetter, according to the evidence, knew of the woman's condition but told her: "I can fix all that with the company. You are mighty stout and healthy looking for anything to be wrong with you."

The beneficiary, Amos O. Eskew, contended that the fraud of the agent is attributable to the insurer. The court stated that there is no doubt that the applicant gave false answers to deceive the company and obtain the policy. Life of Virginia could not be held to have waived any of its rights in the light of the established fact that it was in utter ignorance of the fraud which had been perpetrated against it when the policy was dated and delivered.

## Point in Declaratory Judgment

The newness of the federal declaratory judgment act and the uses to which insurance companies are putting it has resulted in a number of court decisions on points of procedure as regards the declaratory judgment itself and also as regards concurrent suits against the insurance company. In the case of *Lincoln National Life vs. Ohio*, the U. S. district court for the eastern district of Missouri

refused to enjoin concurrent suits on the same policy against the company in a state court.

*Lincoln National* brought suit in the federal court to determine its rights under four policies of life insurance. Less than a month later, the assured brought four separate suits on the policies against the company in the circuit court of the city of St. Louis. The amounts in the state court suits were each less than \$3,000, so the cases could not be removed to the federal court. Lincoln National asked for a temporary injunction to restrain the state court suits. The court pointed out that the declaratory judgment act creates an additional remedy, but not an exclusive one, and does not prevent any party from resorting to other available actions. The law does not favor one court enjoining proceedings in another court and there is no reason why different suits on the same cause of action may not be maintained in different courts at the same time.

## Loan Agreement Need Not Be Attached to Policy

The provision of the Louisiana law that nothing shall be incorporated into a policy by reference, unless it is endorsed upon or attached to the policy when issued, is not applicable to a loan agreement or other agreement made subsequent to issuance of the policy, according to the supreme court of Louisiana in *Oppenheimer vs. Prudential*.

The insured ceased paying premiums several years before his death, but the standard insurance provision would have kept the policy in force until after the insured's death, had the insured not procured a loan on the policy which reduced the extended insurance to merely a few days. The policy lapsed nearly three years before the death of the insured. The beneficiary objected to Prudential pleading or proving the deduction of the indebtedness, since the loan agreement was not endorsed upon or attached to the policy.

There is no calculation by which it can be figured that the insured was entitled to extended insurance to the date on which he died, the court held.

## Incontestable Clause Decision

In *Langan vs. United States Life*, the supreme court of Missouri held that the age adjustment clause of a life insurance policy is not in conflict with the incontestability clause or with the state law regarding misrepresentation.

Langan, the assured, took out a \$10,000 policy in 1927, giving his age as 53. The policy provided that it would be incontestable one year after issuance except for non-payment of premiums, and also provided that, if the age of the assured were understated, the amount payable would be what the premium paid would have purchased at the correct age and, if it were overstated, the company would return any excess premium paid.

### Holds Correct Age Vital

The assured died in 1933 and Mrs. Langan, the plaintiff, stated in her proof of death that the assured was born two years earlier than the date stated in the policy. The undertaker made the same statement regarding the assured's age and at the trial the company proved that in applications of two other life companies the assured had given the earlier birthday. U. S. Life tendered \$9,070 to Mrs. Langan and received a receipt from her in which she stated that \$930 was deducted because of the difference in age. Mrs. Langan later repudiated the receipt and release and sued U. S. Life for the difference. A directed verdict of the lower court for the plaintiff was overruled by the court of appeals and

the case went to the supreme court of the state.

In upholding the verdict of the appeal court for U. S. Life, Justice Clark claimed that the incontestability provision did not apply because the company was not contesting the provisions of the policy, but was seeking to confine its liability within the express terms of the policy. There were no previous Missouri cases on the point, but he cited decisions in other jurisdictions to the effect that age adjustment clauses will be upheld and are not affected by incontestability clauses. The misrepresentation statute also did not apply, the justice maintained, because it referred to misrepresentations made in obtaining or securing insurance. There was no reason to believe that the company would not have issued the policy as readily at age 55 as at age 53, and the assured agreed in the policy that if it should develop that he was older than stated the insurance should be reduced. Life expectancies, based on the law of averages, are most important in determining life insurance rates, Justice Clark continued, and the Missouri laws specifically prohibit any distinction or discrimination between assured of the same class and expectancy of life.

To hold any view other than that the company should be upheld would be to sanction unjust discrimination in the life insurance business, Justice Clark concluded.

## Law as to Notice Has 6 Month Limit

The Kansas law requiring an insurer to notify a policyholder of its intention to cancel a policy within six months after default in payment is clear and unambiguous and has no application to cases of default of longer than six months, according to the court of appeals of Kansas City in *Atkinson vs. Metropolitan Life*.

Baker Smith, the insured, paid only the first premium on his policy and died 3½ years after the second quarterly premium became due. The statute cited by the beneficiary, the court held, was not effective as against Metropolitan Life. Furthermore, the policies specifically stated that coverage should stop when premium payments cease and, as a consequence, the insured was not covered at the date of his death.

The Kansas law was involved because although the policy was applied for in Kansas City, it was delivered to the assured in Wichita, Kan.

## When Is Reinstatement an Accomplished Fact?

An interesting case has been decided by the U. S. circuit court of appeals for the 10th circuit in *Bowie vs. Bankers Life of Iowa* involving the question of when the reinstatement of a policy is an accomplished fact. The policyholder died at a time when the beneficiary contended a reinstatement had been effected. The company claimed that the application for reinstatement had not been accepted. The issue was presented on demurrer to replication.

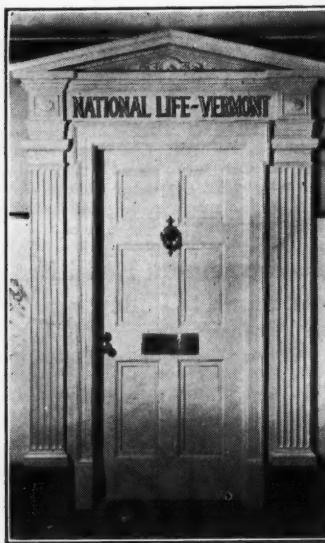
The facts showed that the policyholder died Nov. 23, 1937. The policy lapsed Oct. 30, 1937, and the company refused to accept a check for payment of the delinquent premium. However, the company stated that if the policyholder would complete an application for reinstatement it would be considered. The application was mailed in and the company then demanded a statement from the policyholder relative to an illness the policyholder is stated to have suffered the previous summer. On Nov. 18, the doctor wrote the company advising that the soreness in the left shoulder was inconsequential. On Nov. 24, the company wrote the policyholder requesting that he furnish a report of a medical examination to be conducted by another doctor named in the letter. This was not received before the assured's death.

The court held that a reinstatement had been effected before the insured's death. It stated that under the policy the holder had the right to have the policy reinstated on the reasonable presentation of evidence of his insurability, satisfactory to and approved by the company, together with the payment of all premiums then in arrears, plus interest. Evidence of insurability, the court held, means evidence which would satisfy a reasonable person experienced in the life insurance business that the policyholder was in an insurable condition. The company was obliged to treat and regard evidence of that character as satisfactory. The mere fact that the contract provided that the evidence should be approved by the company did not authorize the company to withhold approval of evidence satisfactory in substance and form. The company is not given power to act arbitrarily or capriciously in determining whether the evidence is satisfactory or should be approved. The restoration of the policy was held to relate back to the time of the submission of the application and the tender of premiums.

# LIFE VIEWS IN THE NEWS



When Walter LeMar Talbot (left), president Fidelity Mutual Life, was in San Jose, Cal., he visited J. E. FitzGerald (right). Mr. FitzGerald was president of the Leaders Club from 1934 to 1937, and vice-president in 1938. He is a member of the Million Dollar Round Table and is associated with the San Francisco agency.



The doorway to the new quarters of the Walter J. Stoessel general agency of the National Life of Vermont in Los Angeles is a replica of a residence in Montpelier, Vt., built more than 200 years ago. It has a brass knocker and name plate with the name of the company emblazoned in gold. The interior is finished in colonial style.



Henry G. Wischmeyer, executive committeeman National Association of Life Underwriters and Cleveland general agent for John Hancock Mutual Life, as a member of Cleveland's 1940 national convention committee inspects the entertainment possibilities of one of Cleveland's luxurious steamers. Mr. Wischmeyer reports that it has five decks and will comfortably house some 3,000 conventionites. Cleveland plans to take the convention afloat on Lake Erie and exhibit Cleveland's famous sky line at twilight, concluding the trip with dancing and entertainment on board.



The New England Mutual Life has erected a "Ye Overseers' Observatory" for the convenience of sidewalk superintendents and other excavation enthusiasts at the site of its new home office building on Boylston street, Boston.

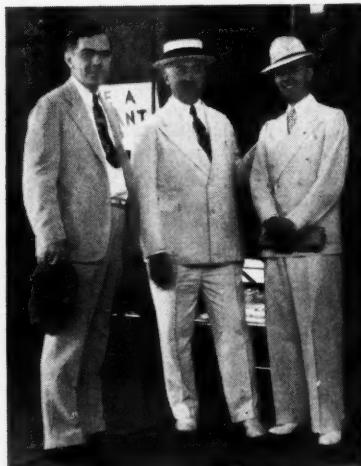
With a bow to the Bankers Life of Des Moines and the Rockefellers for giving recognition to the rights of curbstone critics, the New England Mutual has gone a step further by providing a grandstand where onlookers may enjoy in comfort a comprehensive view of the excavation, already known as Boston's "Better Ole." Equipped with seats, a protective screen, and a cool white-and-green awning, the grandstand is an oasis for inveterate or casual digging and construction enthusiasts.

Each guest is handed a card certifying him a qualified member of the "Order of Observatory Overseers."



SAMUEL F. CLABAUGH

The new president of the Atlantic Life, Samuel F. Clabaugh, was formerly president and board chairman of the Protective Life. Mr. Clabaugh started out in the newspaper business, later becoming a publisher and then a banker before he entered life insurance in 1926. He has been executive vice-president of the Southern States Industrial Council during the past year. He is extremely active in organization work and among his many duties he is a director of the U. S. Chamber of Commerce.



L. K. Crippen, vice-president and actuary of the Acacia; C. Clarence Neslen, Utah insurance commissioner and president of the National Association of Insurance Commissioners; and S. E. Mooers, vice-president of Acacia, were snapped when the commissioner greeted the Acacia convention special in Salt Lake City.